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CURRENT HISTORY

JULY 1932

President Hoover's Record

By ALLAN NEVINS*

HERBERT HOOVER was elected President in 1928 under circumstances which gave him great responsibilities and almost unprecedented opportunities. He was pitted during the campaign against a leader of extraordinary abilities. Seldom in its long history has the Democratic party nominated a man as gifted in the sphere of government as Alfred E. Smith. Yet Mr. Hoover defeated him by an overwhelming popular majority and the greatest vote any man has ever obtained in the Electoral College. In part the tremendous support he received expressed a sense of approval of the tacit alliance

between American business and the Republican party and of the industrial prosperity which this alliance had achieved. The party of business had seemingly obtained immense and enduring economic benefits for the country. It had nominated a business leader of expert technical training, and the nation rose to it with a vote of confidence. But in part the vote expressed also a sense of faith in Mr. Hoover's personal qualities. His cosmopolitan experience, his wartime record, his eight years in helping control the vast organization of government in Washington, his apparent skill in administering difficult affairs, all impressed the public. The result was that he entered office with a clear majority in both chambers of Congress, with a degree of popular support no other President has had since Roosevelt's election in 1904, and with a future that apparently lay in his own hands.

It is true that the general popular confidence in Mr. Hoover in 1928 was not entirely shared by some impartial observers who had scanned Mr. Hoover's record since the war. The ease

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and completeness with which, after espousing the special causes of Woodrow Wilson, he had turned his back on them was a little disquieting. It was remembered that in economic affairs he had become the exponent of a narrow nationalism and that his ideas of world trade were far from those held by the best American economists. He had carried on an exaggerated rubber war against Great Britain, but he had at the same time supported policies on the part of American producers and traders which were precisely parallel to those of the rubber planters who tried to restrict their output. He had sponsored a settlement in the soft-coal industry—the famous Jacksonville agreement—which had broken down with disastrous completeness and had helped plunge the industry into chaos. His general philosophy in the economic field had a mercantilist tendency, and in the political field a conservatism, which worried those who believed that the national welfare required a fresh injection of the progressivism for which Roosevelt and Wilson, in their different ways, had stood. He seemed to have marked prejudices in international affairs—in particular an anti-British bias. Yet, even those who felt these doubts were eager to expect the best of Mr. Hoover. They realized that he was the strongest man his party had chosen since Roosevelt and that his experience and general equipment were remarkably good.

Three and a half years later, what must be the verdict on Mr. Hoover's record? Upon a few facts every one will agree. It is clear that we have had one of the stormiest and most crowded administrations in all American history. Even had times been fairly normal, Mr. Hoover would have faced a dismaying accumulation of tasks that Mr. Coolidge, in doing almost precisely nothing for six years, had permitted to pile up; but times have proved more abnormal than any one would have deemed possible in 1928. The special session of

1929, which inaugurated Mr. Hoover's work, saw him grappling directly with four tremendous problems—farm relief, the tariff, naval disarmament and prohibition. It was scarcely over before the stock market crash and business depression brought a wholly unexpected set of difficulties. Of sheer necessity, the administration since then has been more combative, more turbulent, more controversial than any in peace times since Cleveland's from 1893 to 1897. The nation has had a number of terrible business depressions since 1819, but none that produced such widespread devastation as this. Every one will admit that in view of these facts the record of the administration must be scanned with a certain lenity.

Another fact which stands out in even a cursory survey of these four years is that while many and large problems have been attacked, almost none has been really solved. Some are perhaps in process of partial solution; some have proved insoluble under the methods used by Mr. Hoover. Farm relief was the first great task with which he attempted to deal, but the farmers have never been in greater need of genuine relief than today. The tariff was taken up simultaneously; but seldom in our national history has any tariff act been more unpopular, more generally rejected as a solution of the problem, than the Smoot-Hawley tariff. Prohibition stands almost where it stood in 1928. Despite Mr. Hoover's efforts to bolster it up, despite the drastic program of new enforcement legislation which he passed through Congress and approved in 1930, it is increasingly disliked and mocked at, increasingly unsatisfactory even to its supporters, and apparently closer than ever to drastic alteration. We are not in the World Court; Muscle Shoals has not been disposed of; the reorganization of government departments has made no striking progress. Mr. Hoover has labored like a Sisyphus, rolling a dozen balls instead of one toward the

crest of the hill, but every one has rolled down again before he lodged it at the top.

Still another fact, which Mr. Hoover's best friends will not deny, is that while he has tried hard and unremittingly to give the country an able administration, his initial popularity has rapidly, and until this year steadily, evaporated. He has himself complained of the fact; he complained of it as early as 1930 in his "hair-shirt" letter to Charles J. Thompson, an Ohio Congressman. Every one will admit his patriotism and his high sense of duty. He has faced difficulties instead of running away from them, and he has worked as hard as any resident of the White House since James K. Polk worked himself to death there. He is genuinely desirous of the good of the whole people, and, despite his business outlook on affairs, the range of his sympathies is far wider than Mr. Coolidge's. He has not always been as sincere and candid as he should have been, but even in these deviations from a straight path—as in his first statements about business revival—he has probably been actuated by a feeling that he was abusing the truth that good might come. If good intentions and indefatigable labors could hold the popular regard, he deserves to hold it; yet, at least until lately, there has been a growing feeling that he has been an ineffective President. He commands none of the unthinking popularity that Coolidge enjoyed; he has never gained that half-fanatical admiration which Wilson, even when most hated by his opponents, received from his adherents. It will be said that this is simply the hard luck which Van Buren and Cleveland also encountered in having to preside over a nation in an era of bitter depression. But that statement offers only a partial explanation.

Mr. Hoover has been unfortunate—but he has also, in some respects and particularly of late, been fortunate. He is a man whose special traits fit

certain junctures and fail to fit others. The fundamental fact with regard to his equipment is that he is an admirable planner, organizer and administrator, but a very poor policy-maker and leader. He can run a department or set of departments with great skill; he can organize forces to meet an emergency; but he cannot direct a party, lead a parliamentary group or guide public opinion. Many voters in 1928 thought that a good organizer was *ipso facto* a good leader. But leadership and organization require two different sets of qualities, and Mr. Hoover has only one. The great failures of his administration came when he was summoned to demonstrate leadership, and his chance to retrieve his record appeared when more recently the economic crisis again called primarily for organization.

In his first few months in office—the honeymoon which ended when the special session of 1929 got fully under way—Mr. Hoover impressed the country favorably. His Cabinet was on the whole excellent; the selection of such men as Stimson and Mitchell particularly augured well. He took great pains, as Cleveland and Roosevelt had done, in filling the secondary executive posts, and the appointment of Joseph P. Cotton as Under-Secretary of State and Charles J. Rhoads as head of the Indian Bureau deserved warm commendation. He consulted leaders of the bar in filling judicial positions and published their endorsements as a guarantee of the high quality of his nominations. The foreign service was treated with equal care; the choice of Theodore Roosevelt Jr. as Governor of Puerto Rico turned out to be far wiser than any one supposed; the Federal commissions were capably staffed. In withdrawing all public lands from exploitation by petroleum producers he demonstrated both courage and a zeal for conservation. His effort to cleanse Republican politics in the South and stop the scandal of office-broking

there also required courage and revealed a sensitive conscience. By increasing the White House secretariat he added to his own efficiency, while his initial handling of the press conferences seemed to show an intelligent regard for the right of the public to information. He acted wisely by extending the period over which Germany was to make annual payments to the United States and reducing their amount. All this fell under the general heading of administration, in which he manifested a pleasing alertness, energy and sense.

But the special session cut the honeymoon short, and when Mr. Hoover faced matters of policy instead of administrative planning, when he had to show leadership instead of organizing capacity, a different story began to be told. The first great tests were offered by the tariff, farm relief and prohibition. All these were forced upon him prematurely. Senator Borah, late in the campaign of 1928, saw a ghost and stampeded Mr. Hoover into promising a special session to deal with farm relief and tariff revision. The proposal to meet the prohibition issue—raised by Governor Smith—by appointing a commission to get at the facts of law enforcement and report on them was also thrust upon Mr. Hoover during the campaign—its author, according to some accounts, being William J. Donovan, then Assistant Attorney General. To yield to these suggestions was a sad error of judgment on the part of the candidate. He was no sooner elected than he bitterly regretted it. If he had been given until December, 1929, to formulate his legislative program, consult the best minds about him and make his preparations to handle Congress, he might have done much better. But the special session met immediately; it was filled, as every informed observer knew it would be, with ignorance about farm economics, local greed upon the tariff, factionalism and jealousy of the Executive; and the task of dealing with it and three

huge and complex national problems at the same time was too much for the new President.

It is hardly too much to say that a strange paralysis seemed to rest upon Mr. Hoover during the first year after Congress met, a paralysis that showed most deplorably in his relations with the tariff. He began by calling for a "limited revision." But any tyro in American politics knows that a limited revision is impossible. When the tariff is once ripped open for reconstruction, when the log-rolling begins and when the Congressional leaders in charge of the bill find it necessary to buy the support of every economic constituency by special favors, all limits are abolished. There was just one chance for Mr. Hoover to place bounds on the scope of the new bill. If he had declared in favor of revision of agricultural schedules alone, he might have succeeded. It was, anyhow, by a margin of one vote only that the Senate failed to commit itself to such a revision, and Mr. Hoover's influence would have sufficed to keep the industrial schedules—for the existing Fordney-McCumber tariff more than protected our manufacturers—out of the mêlée. But he failed to make any such declaration, and his handling of the whole situation showed an astonishing clumsiness.

At the time that he called for "limited revision" the White House gave out a summary of press opinion which reflected the general hostility of the country to raising the tariff higher. Men close to Mr. Hoover let it be understood that he was opposed to any marked increase of rates. Yet when the high-tariff wolves took charge of the bill and began writing outrageous new duties into it, he said nothing to rebuke them. On the contrary, he several times displayed strong resentment against the Progressive-Democratic coalition which, during the Summer of 1929, labored desperately to keep the tariff within the bounds of reason. At the begin-

ning of November, 1929, when it became clear that the bill was going over to the regular session, he gave out a statement virtually accusing this coalition of unwillingness to "give adequate protection to industry." For a time it seemed that the moderates would succeed in rewriting the bill. In December, 1929, Mr. Hoover had an opportunity to say firmly that this rewritten measure suited him better than the atrocity which had originally come from Mr. Smoot's finance committee in the Senate. But he said nothing of the kind. He looked on apparently unmoved when Joseph Grundy, who before his appointment as Senator had been censured for his activities as a lobbyist, and who admitted his belief that the campaign contributions should be paid for by tariff favors, appeared on the scene and began to organize more log-rolling. He said nothing when one indefensible rate after another was crowded into the bill and it was passed by trading of the most flagrant character.

Having shown this paralysis during the writing of the bill, Mr. Hoover was left without any excuse for rejecting it. In May, 1930, came the united protest of more than a thousand economists in all parts of the United States. They explained, with incontrovertible arguments, why a general tariff increase was indefensible. They included many experts attached to industry and to labor organizations as well as university scholars and writers; many Republicans as well as Democrats; many conservatives as well as liberals. Mr. Hoover had been advertised to the country as an expert who would pay special attention to the advice of other experts. While the bill lay on his desk important leaders of the Republican party advised him to veto it. Senator Capper did so; William Allen White did so. Yet he yielded to the political pressure of the groups that were closest to him and signed it. By so doing he placed against his record

the blackest single mark that it holds.

Every prediction made by the thousand economists who protested against the Smoot-Hawley bill has come true. It has injured the American farmer both in his capacity as a consumer and in his capacity as a producer who must ship his crops abroad and is hence hurt by every obstruction to foreign trade. It has injured other exporting industries. It has injured all American investors abroad. It has not lessened, but increased, unemployment. It has increased international friction. It set on foot a movement for retaliatory tariffs in Europe and South America which has done material harm not only to the United States but to every nation on the globe, and has contributed heavily to the world-wide depression. In approving and defending such a piece of legislation Mr. Hoover made himself answerable to a grave charge at the bar of history—a charge such as few Presidents would care to meet.

In dealing with the thorny question of farm relief Mr. Hoover showed equal ineptitude. When he entered office he confronted a vigorous demand from the Western farmers for the debenture plan, which was a well-devised scheme for making a tariff subsidy effective on all farm staples; and another demand, embodied in the McNary-Haugen bill, for an export agency, financed by the government, to lift our crop surplus to foreign markets and raise home prices to an artificial level—the losses on the foreign shipments to be paid for by an equalization fee. Either plan promised the farmer something tangible. Either plan was just as defensible, in theory, as the tariff subsidy to the manufacturer. The debenture scheme in particular, endorsed by the conservative Grange, promised definite benefits. Mr. Hoover rejected both. Indeed, debenture amendments to the tariff and the farm relief bills were defeated under his influence in 1929 and 1930.

Instead, he carried through a plan for a Federal Farm Board of twelve members, equipped with a revolving fund of not more than \$500,000,000, and authorized to exercise three principal functions: (1) To foresee and try to prevent overproduction; (2) to encourage the organization of cooperative societies, and (3) to form stabilization corporations for the several staple crops, cooperatively owned, and empowered to buy and sell temporary surpluses in these crops.

When he gave the support of the administration to this plan Mr. Hoover assumed a serious responsibility, and it is fair to hold him to strict account. He promised the country, in effect, that his plan would benefit the farmer and would not injure the country—at least, not injure it disproportionately. It is unnecessary to rehearse the history of the Farm Board and its activities in the wheat and cotton markets. Every one knows that it has not helped the farmer and has proved painfully expensive to the nation. The interesting questions are two: Could not Mr. Hoover have foreseen that the scheme was almost certain to break down, and, if he foresaw this, why did he embrace the scheme? The first question is easily answered. For year after year over a long period the wheat and cotton farmers had suffered from excessive world production and low prices. A stabilization corporation might have some prospect of holding over an abnormally large surplus with success if it could be sure that the bumper crop would be followed by an abnormally small crop. But the probabilities were all in the other direction—for a succession of large crops. It was, then, clearly absurd for the government to finance a stabilization corporation in holding one surplus after another temporarily off the market. To do so meant encouraging the overproduction of wheat, for example, not only in the United States but in Canada, Aus-

tralia, Argentina and other lands. Prices would remain low; the mere existence of the government-held surplus would help to depress them; loans would not be repaid; the revolving fund would not revolve and the whole scheme would break down. Moreover, the growth of cooperatives cannot be successfully fostered from the top; they must grow from the bottom.

What Mr. Hoover did was to accept an improvised scheme that was obviously faulty and dangerous, to pin his reputation as a believer in scientific methods to a plan which was thoroughly unscientific. Why did he do it? He would have been in a more defensible position if he had refused point-blank, as Coolidge did, to attempt anything for the farmers. He would also have been in a defensible position if he had gone the whole road and accepted the debenture plan, saying frankly: "I do not believe in the principle of a subsidy to the farmer, whether by making the tariff effective on his products or otherwise. But we are facing a great national emergency in the distress of millions of agriculturists. We are justified in radical action as an emergency measure. We can better afford to lose a large sum to equalize the position of agriculture and industry than to lose a much larger sum by letting depressed agriculture drag industry down to its own level." He took the dubious compromise plan in the hope that luck would see him through, that that one bumper year would actually be followed by a short-crop year, or that European prices for our crops would rise instead of decline. The result is that the country must accept a loss of hundreds of millions, while the farmers, who never had more than the scantiest faith in the Farm Board plan, feel that genuine relief has never been attempted.

The appointment of his Prohibition or Law Enforcement Commission—later called the Wickersham Com-

mission—in 1929 gave Mr. Hoover great anxiety. He was fretted by the impossibility of obtaining some of the men he wanted most; he feared that the commission would either prove futile or would embarrass him greatly in his relations with the dry forces. It was common knowledge that he fumed and perspired over the subject. At the outset he made a bad impression by statements which implied that the commission would not report on prohibition except as a mere aspect of the broad question of law enforcement, and which thus created a fear that he was trying to evade one of the knottiest and most urgent problems of national life. Happily, he obtained both a competent and a courageous commission. He could hardly have made a better choice for its chairman than George W. Wickersham, and it was obvious that members like Newton D. Baker would permit no compromise with their convictions. When in midsummer of 1929 Mr. Wickersham sent a plain-spoken letter on enforcement to the Governors' conference at New London, every one knew that an honest report would be made. The preliminary set of findings submitted in January, 1930, was well received, and its proposals for consolidating and simplifying the machinery for enforcement, for relieving the strain which prohibition cases placed on the Federal courts and for strengthening weak spots in the law, were accepted as sensible. The final 90,000-word report, ready at the beginning of 1931, was awaited with great interest. Every one expected that it would take a place among the definite contributions of Mr. Hoover's administration.

Yet the report was published in circumstances which gave a severe shock to believers in Mr. Hoover's willingness to treat this important subject without bias or political motive. In itself the document was excellent. It embodied three general conclusions—

that prohibition was working very badly; that it was perhaps best to give it another trial, though only a change in the entire national temper could make it succeed, and that if it continued to fail there must soon be some form of referendum. It was a rather confused report, and the individual opinions of commissioners varied greatly; yet these inferences could clearly be drawn. But on the day of its release the press was given a summary which totally distorted its contents, representing it as a justification of prohibition, when in fact a majority of the commission believed in revising the Eighteenth Amendment. Moreover, President Hoover sent it to Congress with a message which still more flagrantly misrepresented its contents. Finally, a grave discrepancy immediately appeared between his attitude as set forth in this message and his attitude as given in interviews with newspaper men a day later, when many Republican leaders and journals had sharply criticized his supposed position. The impression the country gained in these first days of February, 1931, was that Mr. Hoover had been frightened by the candor with which the report pictured the breakdown of prohibition and had tried to soften it. There were persistent rumors that pressure had been exerted on the commission to make it tone down its findings.

After years of indifference in Washington to the deplorable conditions created by prohibition it was disappointing to find that frankness was still wanting in high places. Mr. Hoover's attitude also struck a heavy blow at his own favorite procedure of guiding legislation, or administration, by expert commissions. No executive had ever relied on such bodies as Mr. Hoover had done. In theory they were to work in a thoroughly scientific atmosphere, were to face the facts unflinchingly, no matter how unexpected or disagreeable they might

be; and their findings were to be accorded the completest respect. But now the most important commission of all had been compelled to work in an atmosphere not of science but of politics, and its findings had been virtually rejected by the President himself. One of Mr. Hoover's principal contributions to the science of government was thus abruptly discredited, and the country has ever since smiled at the use of commissions.

It was this succession of events that gave the nation the impression, by the Summer of 1931, that Mr. Hoover was proving a failure, and that reduced his popularity to a low ebb. Not one of them had any connection with the depression which began in 1929, and the phrase "ill luck" could not apply to them.

In foreign affairs Mr. Hoover was meanwhile doing somewhat better, while he met certain minor domestic problems well. The visit of Prime Minister MacDonald in the Fall of 1929 was followed by the Five Power Naval Conference in London in 1930, which Mr. Hoover handled capably. He appointed a strong delegation and shrewdly gave the Senate representation in its seven members. Cruiser-building was stopped in advance of the conference; the opportunity to reach public opinion which the activities of the notorious Mr. Shearer presented was shrewdly seized. The Administration deserves great credit for the five-power treaty signed on April 22, 1930, by which the United States disposed of four capital ships, Great Britain of five and Japan of one, while the three nations agreed to lay down no more such vessels till after 1936. It deserves great credit also for its earnest and realistic attitude toward the general disarmament conference in Geneva, where it has tried and is still trying to prod Europe into definite action. Secretary Stimson abandoned with refreshing completeness the fiction that the United

States can have no connection with the League, and has cooperated with it openly and energetically. It has been no secret that Mr. Hoover has shown increasing cordiality toward Great Britain and increasing suspicion and irritation toward French policies; but he has pursued an impartial course. The stupid and cowardly isolationism of the Harding-Coolidge Administrations could not be shaken off entirely, but long steps have been taken toward giving the United States that powerful and beneficent place in world affairs which it occupied under Roosevelt and Wilson, and which it should again claim.

Particularly happy has been the Caribbean policy of the Administration. Mr. Hoover and Mr. Stimson resolved that the marines should be out of Nicaragua by the Fall of 1932, and most of them are now out. The government has also attempted to liquidate our commitments in Haiti, though obstacles have been encountered there. In Panama we wisely permitted a revolution to occur, without interference, under the very noses of our naval and military forces. In South America the somewhat risky doctrine of President Wilson in relation to Huerta was scrapped when a series of revolutions occurred on that continent; and the Administration has taken the view that a government that comes into power should be recognized no matter how it got there. A memorandum on the Monroe Doctrine published by the State Department has indicated that the Hoover Administration is willing to interpret that doctrine in a less unilateral way than some of its predecessors. Concessions have been made to Mexico in the matter of her oil and land legislation, and Washington has kept on amicable terms with Mexico City. The multilateral arbitration treaty which grew out of the last Pan-American Conference has unfortunately been allowed to slumber so far as our government is concerned; but on the whole Mr. Hoover's record in

regard to Latin America is excellent.

In dealing with such a temporary exigency as that created by the great drought of 1930 Mr. Hoover was again at his best. His reorganization of the Tariff Commission was fairly carried out, and he gave it a character far different from that which it held under Mr. Coolidge; if Henry P. Fletcher made a very ordinary chairman, Robert Lincoln O'Brien has made an excellent one. The President showed wisdom in demanding a reconstitution of the Federal Power Commission, which had consisted of three Cabinet members acting *ex officio*; and he obtained the Parker act of 1930, which gave it five appointive members. There is still hope that Mr. Hoover's nominations to this commission may prove less reactionary than they at first seemed. Yet when all is said in his favor, Mr. Hoover's prestige during the first months of 1931 was low—and deservedly so.

The first effects of the depression had been to send it lower still. The public vividly remembered his lavish promises in 1928 of continued prosperity and increased material possessions—a radio in every home, a car in every garage, and the abolition of poverty in sight. His early statements on the depression could hardly have been worse. They showed a hollow and unworthy optimism, so patently insincere that it deceived nobody. As supplemented by the still more egregious misstatements of Dr. Julius Klein, they both irritated and depressed intelligent people. Mr. Hoover at first insisted that our economic troubles were a temporary and isolated phenomenon, a sequel of the rash speculation of 1928-29, which would soon pass away. He expounded the view that the United States was so thoroughly self-contained that it could make an independent recovery and lead the world back to prosperity; and, as late as June, 1931, in an address in Indianapolis, he was talking about our "high degree of self-containment." As the

depression deepened, he began to recognize that this was an error. By the latter part of 1931, he was emphasizing the fact that the sources of depression were international, and telling the country that our recovery was retarded by the economic plight of other nations. These veering and contradictory opinions created distrust of the President's judgment and honesty. The first relief measures—the Elliott-Keyes act for public buildings, the Dowell-Phipps act for highway construction, the creation of a division of construction in the Interior Department, and so on—were not impressive. Intelligent observers were pained when Mr. Hoover threw his influence against the two most important of Senator Robert Wagner's bills dealing with unemployment, and defeated them—bills endorsed by the best experts, and based on principles which Mr. Hoover himself had urged when Secretary of Commerce.

Yet, as the depression grew worse, until it constituted the gravest economic crisis the American people have ever faced, it gave Mr. Hoover a partial opportunity to retrieve his position. As a leader he was still deficient. But as a planner or engineer, an organizer, he had qualities which could be turned to valuable account. Very little leadership entered into his dramatic stroke of June, 1931, in announcing the one-year moratorium on reparations and war debts. It was an emergency measure that was absolutely forced by events, and it was taken only at the last moment. Following the Austrian crisis, the German position became serious in May, and desperate in the first week of June. It was on June 8 that the President began discussing his plan with the Cabinet. His strategy was defective. Nearly all his energies, when he announced the moratorium, were devoted to satisfying American fears and criticisms. Meanwhile he ignored France and her very real stake in the matter; and the result was that, while

the American people, Great Britain and Italy immediately accepted the scheme, France resisted. Prolonged negotiations had to be undertaken with her, and they were not completed until July 6. Part of the benefits of the moratorium had been lost in the interim; the German crisis continued, and before the financial storm ended it had struck Great Britain with disastrous effect.

Nevertheless, the moratorium was a great achievement. Next to the Washington Conference and its treaties, it was the greatest single achievement by an American President since Wilson left the White House. It was the most important undertaking that Mr. Hoover had ever carried through, and while it was merely a piece of common sense he had undoubtedly conducted it—so far as this country was concerned—in the grand manner. It was an earnest of what opportunities the depression might yet offer Mr. Hoover.

Since the meeting of Congress in December, 1931, these opportunities have come to him in a steady succession. He has had one chance after another to prove his mettle as an administrator and a man who can meet emergencies with a direct piece of planning. Until recently his record on the budget showed his abiding weakness in evading true leadership. It was clear throughout 1931 that a colossal deficit was piling up; by June of that year it was close to \$900,000,000. Mr. Hoover did nothing until December, when another deficit of approximately \$2,000,000,000 was looming up. He then offered a totally inadequate plan. His budget message proposed savings of \$365,000,000, and by April 1 he had to confess that this was inadequate—that \$200,000,000 more must be saved. In framing tax legislation he has not shown leaderlike qualities. He has

made false starts, and it has been necessary to hammer out a solution by a series of compromises with Congress. But in the task of erecting machinery to facilitate financial and economic readjustment, a task which involves expert planning, divorced from politics or parliamentary management, Mr. Hoover has done well. He has conferred with experts. He and Mr. Mills, ably advised by others, have proved fertile in laying plans to help check deflation, restore confidence, increase credit facilities and place sand on the greased rails of finance.

It is in the midst of this effort that Mr. Hoover enters upon his campaign for reelection. To say that he is a victim of the panic and the depression, that if his outlook for victory is dark it is because he has hard luck, is in large part a misstatement. Undoubtedly the view which millions of voters take of him will be colored by their sufferings. But the great initial loss of confidence in him occurred because at the outset, when the skies were brightest, he showed inability to lead; because he botched the tariff, he botched farm relief, he botched prohibition—because he showed a Bourbon temper and an inelastic mind. If there had been no panic or depression, he would have lost public support and deserved to lose it. If the depression has cost him much, it has also given him much. It has afforded him means, especially within the last year, of winning back part of the ground he had yielded. His prestige has risen instead of sunk as the depression has grown blacker. The great question before the electorate is whether a man who has shown Mr. Hoover's remarkable combination of defects and virtues, his total lack of power or judgment in certain directions and his possession of both in others, is a fit man to have four more years in the Presidency.

China's New Weapon Against Japan

By DEMAREE BESS

Chief Far Eastern Correspondent of the Christian Science Monitor

DURING the seven months following the Japanese occupation of Mukden last September, there were sharp differences of opinion among Chinese leaders as to the policy best suited to obstruct Japan's "positive measures." One group, which obtained the enthusiastic support of students, contended that China must declare war upon Japan without delay, even if the outcome of such a war were certain defeat. Another group, which included General Chiang Kai-shek, the dominant force in the Nanking Government, and Marshal Chang Hsiao-liang, ousted ruler of Manchuria, argued that if China declared war on Japan she would commit national suicide. This group supported a policy of "non-resistance." They proposed to let Japan hold Manchuria until China could make her economic and military organization strong enough to fight Japan on something like equal terms. A declaration of this policy was published by Marshal Chang in October and was adopted by the government at Nanking in spite of the vigorous opposition of student and other groups, which resulted in numerous acts of violence against government leaders.

This policy actually was applied until the end of January. The Japanese were permitted rapidly to consolidate their position in Manchuria, while provincial militarists were instructed to placate the Japanese in every possible way, so that they would have no pretext for further aggression in China proper. At Japan's request, several Chinese newspapers in Peiping, Tientsin, Tsingtao, Shanghai and Can-

ton which printed inflammatory articles were suppressed. The Nanking Government even attempted to break up the boycott movement, but without notable success, for it was no longer under control. A number of student demonstrations against Japan were suppressed by force. Marshal Chang Hsiao-liang acceded to Japanese demands that he remove anti-Japanese slogans posted on palace walls in Peiping and that he withdraw his troops from the vicinity of the foreign concessions in Tientsin. General Chiang Kai-shek even instructed the Mayor of Greater Shanghai to accept Japanese demands for the withdrawal of the Nineteenth Route Army from Shanghai, and withdrawal had actually started when the Japanese naval commander precipitately made his move on Jan. 28.

When Chinese police resisted the entry of Japanese sailors into Chapei, the Chinese industrial section of Shanghai, on the night of Jan. 28, they brought to a close the period of "non-resistance." The Nineteenth Route Army, which had already begun to withdraw, hastily constructing defense positions in the vicinity of Shanghai, ignored the orders of the Nanking Government to avoid a clash with the Japanese. They held their positions against a fierce Japanese naval attack without reinforcements from other Chinese armies until Feb. 17. That day General Chiang Kai-shek's own army, the Eighty-eighth and Eighty-ninth Divisions, arrived in the Shanghai area, and took up defense positions north of the International Settlement. Circumstances had

compelled General Chiang to abandon the policy of non-resistance, and his troops bore the brunt of the Japanese attack from Feb. 20 to March 3.

It was manifestly impossible to revert to the policy of non-resistance. The defense of the Chinese armies at Shanghai had aroused the enthusiasm of Chinese at home and abroad, and changed the soldiers' own opinion of their powers. It had also altered the view held by some Japanese military extremists that intervention in China would be easy and inexpensive. Chinese extremists again clamored for a declaration of war upon Japan. But government leaders, though they still firmly believed that such a step would be suicidal, had now to frame a policy that would placate the extremists.

A policy was accordingly worked out by government leaders, and put into concrete form at the National Emergency Conference held at Loyang in April. This conference was intended to be representative of all China. Leaders of all factions within the Kuomintang and non-party leaders were invited to attend, but internal differences caused most opposition leaders to decline. The conference was in consequence composed almost entirely of the followers of General Chiang Kai-shek and Wang Ching-wei, who was now sharing with General Chiang the responsibility for the Central Government. At its final session on April 13 a manifesto was issued putting on record for the first time the new policy of the Chinese Government in regard to Japan and declaring that "it is the considered opinion of this conference that while China is not in a position now to wage war against Japan, acceptance of an ignominious peace will nevertheless bring about her extinction. There is therefore no other way of coping with the present crisis than to mobilize the resources and man-power of the entire nation in carrying on a prolonged resistance."

The phrase "prolonged resistance" caught the imagination of the country. The destruction at Shanghai had sobered extremists. They realized that a declaration of war might inflict similar damage on other populous Chinese cities, lying undefended along the coast and rivers. Bitter opposition continued against the internal policies of the government, including that of a Kuomintang dictatorship, but the policy of "prolonged resistance" silenced all critics. The Chinese, once they have settled on a foreign policy, consistently carry it out. This has been true of the campaign for recovery of tariff autonomy, abolition of extraterritoriality and recovery of concessions. It promises to be equally true of this policy of "prolonged resistance."

The National Emergency Conference laid down broad principles to prepare for "prolonged resistance" as follows: (1) "A consistent and considered foreign policy, one of the cardinal principles of which is to ally ourselves actively with those powers which uphold right and justice and treat China on a basis of equality"; (2) radical military reform, designed to remove the danger of further civil strife and military feuds, separating national from provincial armies; (3) modification of the Kuomintang political monopoly through establishment of an Assembly of People's Representatives and removal of restrictions on freedom of speech and press and unfettered formation of associations (not political parties); (4) promotion of productive enterprises to correct the collapse of agriculture and dislocation of various industries which have resulted in the prevalent poverty and starvation, bringing in their wake communism and banditry.

To those familiar with Kuomintang manifestoes this program contains nothing novel. Almost the same words were used by some of the same leaders in setting forth the campaign for re-

covery of all "sovereign rights" in 1928. Since voicing these same aspirations after nominal unification of China in that year the government has faced a series of civil wars, all attempts at military reform have failed, the Kuomintang has strengthened its political monopoly, and little money has remained over from civil wars to promote any kind of productive enterprise. Critics of the government can hardly be blamed if they view such general statements with skepticism. Many Chinese believe that even in the face of Japanese aggression a civil war is possible in 1932.

Since the end of the Sino-Japanese conflict at Shanghai on March 3, however, practical measures have been taken which indicate that the policy of "prolonged resistance" is something more than a gesture, and may mean that the Chinese have evolved a new type of warfare, admirably adapted to such a disorganized country as China is. In the first place, the Chinese have proceeded with their plans for two new capitals, at Loyang in Honan Province and at Sian-fu in Shensi Province. Nanking is no longer officially the capital, although it is used at present as a political centre. If the Japanese attack Nanking, the government can remove at a day's notice to Loyang, where the archives are now kept. If the Japanese should attack Loyang, which can be reached by railway and could easily be bombed by using the Yangtse River as a base, the government is prepared to remove to Sian-fu, which has been made the sub-capital. Sian-fu cannot be reached by railway, and extensive air raids upon that remote city are hardly feasible.

At the same time General Chiang Kai-shek and Marshal Chang Hsiao-liang, still the most influential military leaders in China and still close allies, have prepared and partly put into effect an underground military campaign against Japan. Last Janu-

ary the Chinese opposition in Manchuria had almost died down. General Ma Chan-shan, the hero of the Nonni River battle, had accepted a post as Minister of War in the new Manchukuo Government. Sporadic attacks upon the Japanese received little encouragement from government leaders in China. The Shanghai conflict, which resulted in the policy of "prolonged resistance," has entirely altered the situation in Manchuria.

Foreign military observers have been assured that Chinese Government leaders are now directing and financing the underground campaign in Manchuria. They are supplying money and munitions to "volunteer armies" whose efforts are becoming daily more closely coordinated. General Ma Chan-shan slipped away from his Japanese associates, taking with him 500,000 yen and an ample supply of munitions, and reorganized his old army in North Manchuria. He explained that he had joined the Japanese as a "trick" to "learn their secrets," but few Chinese accept this assertion at its face value. They believe General Ma joined the Japanese because Marshal Chang Hsiao-liang had decided not to resist in Manchuria, and that he deserted his new associates when Marshal Chang changed his policy. Last November Marshal Chang was preparing to visit Europe, but since the Shanghai conflict, and the resulting change of Chinese policy, he has apparently altered his plans. Foreign military observers are confident that the old Manchurian general staff, assembled at Peiping since last September, is now directing the underground campaign against the Japanese and their Chinese associates in Manchuria.

If the Chinese believed that they could drive the Japanese out of Manchuria in a short time they would probably wage open war on Japan, but they have apparently become convinced that a policy of "prolonged resistance" can be successfully ap-

plied in Manchuria as well as in China proper. The Chinese have been told that Japan's financial position is critical. They realize the drain on Japan of continued guerrilla warfare in Manchuria, through both military expenditures and economic losses from her investments there. Chinese soldiers and brigands in Manchuria apparently are willing to fight so long as they receive a little money and comparatively small amounts of munitions. The military commanders in China proper are in a position to supply these modest demands indefinitely.

The military measures based on the policy of "prolonged resistance" have been elaborated in the Yangtse Valley by General Chiang Kai-shek. It is estimated that since the beginning of March 116,000 Chinese soldiers have been assembled in the area bounded by Shanghai, Nanking and Hangchow. This army has no intention of attacking the Japanese at Shanghai or elsewhere. Foreign military observers who have inspected the entire area declare that the Chinese have constructed an effective series of defense works and that, even if the Japanese should send 100,000 men against the army of defense, they could hardly drive it out. This is the nearest thing to a national army that modern China has possessed. Units have come from eight different provinces and speak six different dialects. The cost of maintenance is remarkably small. If the soldiers get food and a comfortable place to sleep they are satisfied. The villages and towns in which they are quartered provide most of their food as payment for protection from bandits. This army of defense against possible Japanese attack, moreover, serves as a check for the National Government against a renewal of civil war.

The policy of "prolonged resistance" is economic as well as military. The Shanghai conflict has not broken the boycott of Japanese goods. Trade figures show that, if anything, it has

been intensified since the beginning of March. Before Jan. 28 the boycott was half-hearted and was maintained only by the efforts of paid agitators, who illegally attacked and arrested merchants. In recent months it has more nearly approached a popular movement than any that preceded it. The boycott and other anti-Japanese movements are directed by the Association of Anti-Japanese Societies, with headquarters in Shanghai and branches in all parts of China. Missionaries living along the Tibetan border report that societies have been formed in towns which can be reached only after a month's travel from Shanghai.

The association was formed even before the Japanese took Mukden last September, as a result of anti-Chinese riots in Korea, and assumed serious proportions after the occupation of Manchuria. Before that it succeeded in making life so difficult for Japanese residents in Shanghai that some of them were literally driven insane. Up to Jan. 28 the Chinese Government made serious attempts to curb anti-Japanese movements, but since the Shanghai conflict the movement, although not officially encouraged, is not hindered. Members of anti-Japanese societies pledge themselves not to buy Japanese goods, not to sell anything to Japanese, not to have social relations with Japanese and to do everything possible to make life uncomfortable and burdensome for them. The vows which members are required to take are so binding that few care to violate them.

The next few months or years will answer the question whether the Chinese have not discovered in the policy of "prolonged resistance" a new type of warfare better adapted to their purposes than an open declaration of war. Like war, it has its military and economic phases, but does not involve a break in diplomatic relations. The Chinese are proficient in the use of its indirect methods, just as they have

been in their campaigns against "imperialistic aggression." Attempts during the past five years to reduce China's unwieldy armies have met with little success. Now the Nanking-Loyang Government, through application of its anti-Japanese policy, has been able to reorganize its forces in such a way that they form a bulwark against internal as well as Japanese attacks. Funds are more easily obtainable for resistance against Japan, while a factional attack upon the Central Government becomes less likely to win popular support.

The underground military campaign probably adds nothing to China's military expenditures. The past four years have demonstrated that in any case the armies cannot be disbanded. Probably less money and munitions for the Chinese forces in Manchuria are required than for the continual campaign against bandits in Manchuria which the old régime conducted and less money than was paid by the Central Government for the purely nominal allegiance of the old Manchurian régime.

The new underground military campaign, on the contrary, has proved and will continue to prove extremely costly to China. The boycott is a two-edged weapon, and it is doubtful whether past boycotts have not hurt China more than the various countries against which they have been directed. But China, being a thoroughly disorganized State, may be

able better to bear the cost of the anti-Japanese movement than highly organized Japan. Trade with China is vital to Japan, and it has almost disappeared. Manchurian revenues have been a major source of income to Japan in the past and were expected soon to prove still greater. If the Chinese can continue their harassing warfare in Manchuria it is possible that they can reduce those revenues to well below those obtained up to last September. Millions of Chinese living in Manchuria will, of course, be affected, but they are accustomed to living on the edge of starvation.

How will the Japanese meet the policy of "prolonged resistance," admittedly a type of warfare for which there is no exact precedent? They have contended that the boycott is a form of warfare which entitles them to use their military forces as they see fit, without the formality of declaring war. But other signatories of international treaties have not agreed with this interpretation. The Chinese have now made their position clear; they will not declare war on Japan, but they will conduct underground warfare as a part of the policy of "prolonged resistance." If it is as successful as the Chinese expect it to be the Japanese will have to find a means of combating this new warfare or admit that the Chinese have discovered a weapon against which they are powerless.

SHANGHAI, May, 1932.

The Chinese Idea of Communism

By NATHANIEL PEFFER

Author of "China: The Collapse of a Civilization"

INHERENTLY there is something incongruous in the fact of communism in China. It is theoretically demonstrable that for social, economic and psychological reasons China is impenetrable to so alien a doctrine. Yet the fact is there; communism, or what calls itself communism, has planted itself and is spreading. How shall we explain the anomaly? Like so many other aspects of contemporary China, it is difficult to understand as an orderly, logical development, but some light is thrown on it by a book which has recently appeared, itself a curious product.

The book is *Sun Yat-sen versus Communism* (Baltimore: The Williams & Wilkins Company. \$5) and the author is Dr. Maurice William, a New York dentist. A pre-war Socialist, like so many others of that class, Dr. William found his views thrown into solution by the war. They crystallized in radically different form, and in 1920 he published a book, *The Social Interpretation of History*, which is a repudiation of the Marxian ideology. Its thesis is not anti-socialistic. It is a refutation of the economic interpretation of history and, more vigorously, of the class war as an instrument of social reconstruction. Instead of the class struggle it advocates the use of the democratic process, not to the end of emancipating the working class only, but of re-ordering society on a plan which will operate to the benefit of all. It is, in other words, a plea for socialism without revolution.

The thesis of Dr. William in his *Sun Yat-sen versus Communism* is

that the earlier one converted Sun Yat-sen from communism in 1924, shortly after, as leader of the Chinese Nationalist party and founder of the Chinese Republic, he had made what was tantamount to an alliance with Soviet Russia. The claim is corroborated from Sun Yat-sen's own writings and is indisputable, but its interest lies mainly in what it reveals of a bizarre episode.

Sun Yat-sen in 1923 was a disappointed, frustrated and, for all practical purposes, repudiated revolutionary leader. He had inspired and organized the movement which overthrew the Manchus and established in place of the despotic monarchy a constitutional republic, an achievement little short of miraculous. It bordered too closely on the miraculous, in fact, to be substantial, and the republic was soon eviscerated by mandarins of the old régime. Sun Yat-sen organized a revolt against the usurpers, but it was ignominiously crushed and he fled to Japan, a refugee.

That was in 1913, two years after the establishment of the republic, and thenceforth Dr. Sun's career was that of a futile insurrecto, periodically setting up provisional governments in Canton, being ousted and forced to flee, and returning once more to set up another government and declare himself anew the sole residuary of the powers of the State, though surrounded sometimes by only a handful of disciples, some of them venal time-servers. In 1923 he was at his lowest ebb. He had just been evicted from Canton under more than usually humiliating circumstances, and many

even of his loyal Cantonese supporters were impatient with his blind, almost operatic, adventurings. Then Joffe came to the Far East as Soviet Russia's diplomatic representative.

Joffe and Sun Yat-sen met in Shanghai. Russia's message was soothing in Sun's ear. Here was miraculous intervention when fate and the hand of man were against him, and in his psychology of desperation he embraced it. He was in the mood to embrace anything that promised deliverance. Sun and Joffe came to an "understanding," as it was called, one of the terms, interestingly, being the recognition that communism was not suited to China. What was important in the understanding was unwritten. In another sense of the word Joffe "understood" Dr. Sun. He sympathized with his aspirations, his longings, his dream of emancipating China. He offered him what no Europeans or Americans of influence ever had offered—assistance.

A few months later came Michael Borodin, the Russian adviser, who soon was to play so decisive a rôle in China, and General Galen, who organized a military academy to train an officers' corps for the Chinese nationalist army. Imperceptibly, just with casual tenders of advice, the Russian mission began to direct the preparation of propaganda for the reorganization of the Kuomintang or Nationalist party. Borodin was increasingly at Dr. Sun's side—and a Communist nucleus was formed within the Kuomintang.

Fired by initial successes, as he always was when entering on a new campaign, Dr. Sun again planned grandiosely. He began to sketch out the plans of a new philosophy and a new social order. Early in 1924 he began to give his lectures which later were embodied in the volume called the *San Min Chu I*, or "The Three Principles of the People." They were to be, for a time, the Scripture of revolutionary China. The three prin-

ciples were nationalism, democracy and livelihood. In the first two sections, covered in lectures delivered from January to April, 1924, Dr. Sun enunciated what could at least be construed as Russian doctrine. Dr. Sun appeared to be converted and with the prestige thus conferred, communism began to make rapid strides within the Kuomintang and more particularly among the student classes.

The lectures on livelihood, those which dealt with the economic organization of society, were not given until three months later, and in the very first of them Dr. Sun announced a complete reversal. He repudiated the class struggle and the dictatorship of the proletariat. He specifically repudiated Karl Marx. In other words, he threw Russia overboard—after three months. Why?

Here Dr. William enters. Dr. Sun refers more than once to two distinguished Occidental scholars, Marx and "Williams"—meaning by the latter Dr. William, but confusing him with Whiting Williams, an American welfare worker and lecturer on labor problems. The rest is explained in Dr. William's *Sun Yat-sen versus Communism*. In some way—how, no one knows—*The Social Interpretation of History* had come into Dr. Sun's hands. The lectures on the principle of livelihood not only reflected it, but were based on it. In *Sun Yat-sen versus Communism* are a hundred pages of quotations in parallel columns from Sun's lectures and *The Social Interpretation of History*. On crucial points Sun quotes William almost verbatim. In other words, the most important part of what was to become the testament of revolutionary China was the product of an unknown dentist on the other side of the world who had written an obscure book having no reference to China, who never had been in China, knew nothing about China and was probably not in the least interested in it. History abounds in irrational and fantastic episodes inseparably interwoven into

great events, but no episode is more fantastic than this.

As it happens, it had little concern with history. It remains a fantastic episode. Dr. William's book is unquestionably responsible for changing the mind of Dr. Sun, but it did not change the course of events in China. It had no effect on those events. It did not check the progress of communism in China. As a matter of fact, only after Dr. Sun rejected communism in his lectures did it begin to find its stride. It gained all through 1924, more rapidly in 1925 and reached its highest power early in 1927, almost three years after Dr. Sun had made his pronouncement and nearly two years after Dr. Sun had died. The leader's words, therefore, fell on unheeding ears. Dr. William's book influenced Sun Yat-sen but had no influence on China.

When nationalist China finally broke with Soviet Russia late in 1927 it was not in obedience to Dr. Sun's declarations in the *San Min Chu I*. The Kuomintang split on the opposition of a majority of party leaders to the preponderant influence being assumed by the Communists, and the crisis was precipitated by the attempt of the Communists, instigated by Moscow, to take exclusive control of the party, oust all non-Communists and with that take control of the Chinese revolution and of China. The choice was between a Chinese revolution directed by Chinese or a Chinese revolution directed by Moscow as Russians desired, perhaps in China's interest and perhaps not. Too much and too sharp a nationalism had been instilled into the Chinese to leave any doubt as to what the choice would be. The alliance with Russia was severed and the Russians were driven from China.

Dr. William's book is an interesting marginal note for students of Chinese history, but it reveals less of China than of Sun Yat-sen. Of his personality and its reflection on his career it

reveals much. He starts with an enunciation of his philosophy and program—the philosophy and program on which, as leader of New China, he will build the regenerated society. Presumably he has thought them out. Then midway in the course of their pronouncement he reads one book, a book by a man of whom he knows so little that he takes him to be somebody else, and then he turns a complete about-face and simply adopts a new philosophy and program. That was not untypical of Sun Yat-sen. He had already done the same thing. In fact, only three years before he was espousing communism and inveighing against the capitalistic, imperialistic powers he had published a book outlining a plan for the economic reconstruction of China with foreign loans. Thus, in four short years he had traveled between two opposite extremes in social philosophy.

Consistency, logic and cool reason were not Sun Yat-sen's primary qualities. He was singularly lacking in them. His course was never reasoned. Perhaps it would not have carried him so far if it had been. Had he been given to careful deliberation he might never have embarked on the enterprise of overthrowing a despotism more than two thousand years old. He moved, instead, on impulse, usually a fine impulse; but thereby he was led to pick up "isms" as he went, one after another, without regard to their mutual relation. He was an exhorter and leader, not a student or statesman. Also, he was an idealist and patriot who sacrificed himself for what he conceived to be his people's good.

When the Russians were driven out of China in 1927 and huge numbers of Chinese Communists and Communist sympathizers were executed by way of a purging only a phase of Chinese communism closed. Communism did not end in China. More has been heard of it in the last year than then, and in actual expanse of territory it is more widespread. At least in nominal adherents it is increasing. Reliable

evidence is always difficult to obtain from the interior of China, but it is asserted by the Russians that a large part of Central China is under Communist control, actually under a soviet form of government. There is a large armed force under at least nominal Communist command. A year ago the Nanking Government sent a well-equipped army to crush it but failed completely. And there is very little prospect that it will be overcome in the near future and that communism will be eliminated.

Nevertheless, it is highly doubtful if there is as much likelihood that China will become a Communist State as there was in 1927. Even then communism was an exotic growth, brought in from outside, from a different soil and climate, and thrust in barely under the surface. But then at least it had the support or benevolent neutrality of the leadership of the country, of the elements which commanded prestige and carried authority. It derived its original impetus from Sun Yat-sen and its first leaders from among his entourage or from the universities, still the carriers of the authority which learning has traditionally conferred in China. The most powerful dynamic in the country, morally and materially, was behind communism.

That is no longer true. The same classes are today opposed to communism. It is today a mass movement, and in China more than elsewhere mass movements are only negative unless unified, integrated and articulated by a few leaders. It is inherently a movement of desperation. There has been progressive disintegration in China for twenty years. The downfall of the monarchy was not precipitated by Sun Yat-sen alone. It was rotting from within. The persistent attacks of the Western powers since the middle of the nineteenth century and the disruptive effect of the penetration of Western ideas, of which communism is only the latest, had weakened the

foundations of the age-old system. The successive revolutions and civil wars accelerated the process.

Sun Yat-sen's ambition was to uproot all the vestiges of the old government, and he succeeded only too well. But no other government has been set up in its place, and the other instruments for maintaining stability which really functioned as governments function elsewhere also have lost their edge. One cannot say there is no law and order, because in the old China there was always order without law. Order was maintained by the family and the guild according to traditions sanctified by centuries of precedent. These were the controls, and they have loosened. In consequence there has been progressively less security. Robber bands carry on their depredations with impunity. Local military chieftains are hardly less predatory. Incessant civil wars have been even more destructive.

The masses of the Chinese peasants are thus in a mood of desperation. Their lot could scarcely be worse in any case. They have little to lose, and the Communists' promises are roseate. These promises are even redeemed in the first instance. A few strong personalities, either survivors of the earlier heyday of communism or men who were touched by its propaganda at second remove and learned that it was an effective rallying-cry, gather about themselves men and arms and invade a district. They promise land enough for all, full stomachs and protection against exploitation, either by officials or land-owning gentry or money-lenders, a large proportion of whom are in truth exploiters. Their promises are appealing and their arms are persuasive. Nor do they hesitate to kill by way of carrying conviction. Willingly or unwillingly, the villagers join them, or at least give negative allegiance. The Chinese peasant has learned to bend to the wind. Sometimes the floating armies which abound in China are absorbed

en masse and sometimes bandit armies. The rich, or what passes for rich in China, are compelled to ransom themselves by paying over all their wealth, and their land and granaries are confiscated. If not, they are killed, and sometimes they are killed anyway. But at the beginning the peasants benefit.

That this can be called communism in the sense in which one uses the word when talking of Russia, is doubtful. The revolution in Russia was also a mass movement, but one with leaders who had a philosophy, a program and organization. A generation of planning had gone before. Of the so-called Communists in China the number of those who have more than the remotest conception of what communism is about, is infinitesimal. They have neither the background nor the knowledge. They can overthrow, but they will not know what to do next. Were they to succeed completely and take over the whole country, what would result would be far from a Communist State. Moscow would not recognize it as one. Moscow might step in again, this time more effectively, and take control, but if it wanted to institute a Communist society it would have to start from the foundations.

What threatens in China now is a peasant uprising analogous to those of the Middle Ages in Europe—a protest against misrule, exploitation and insupportable conditions. A people less patient and inured to suffering than the Chinese would have broken out before this. In that case, however, everything would be swept away and China would literally go into solution. The strongest safeguard against such an eventuality is a quick recovery of strength and stability by the Nanking

Government. But the Nanking Government has never been weaker than now. It has never been so torn by internal dissensions as now and its prestige has never been so low. The Kuomintang, which is nominally the organ of government and the repository of sovereignty, is in a state of moral bankruptcy.

The Manchurian affair and the Japanese invasion of Shanghai have added momentum to the descent and increased the danger of an upheaval and the possibility of communism either nominal or eventually nominal. These events have intensified the psychology of desperation, and have, moreover, increased the number of those who believe that Russia is China's only defense against Japan. Even five years ago, many who lent sympathetic support to the Communist campaign did so on political rather than social grounds. They believed that as between Russia and the imperialistic powers, Russia was the lesser of two evils. The bitterness which Japan has stirred up is now Soviet Russia's strongest asset.

There are subterranean rumblings portending seismic upheavals in China. Communism is only one of the surface manifestations. That is its real significance. Had Sun Yat-sen never made any alliance with Soviet Russia or then changed his mind or not changed his mind, substantially the same forces would be working in China now. Disintegration had set in and it has not been checked. And that derives from broader and deeper social movements. It is in the present nature of things in both the East and the West, but it manifests itself more disastrously in China. The end cannot be foreseen now.

Magnitogorsk: Epic of Soviet Labor

By MILES M. SHEROVER

[Mr. Sherover is an American who recently returned from Russia after spending sixteen months there as a business organizer and efficiency engineer in the employ of the Central Building Trust of the Soviet Union. He had previously been in Russia during 1927.]

A WHOLE nation aroused to enthusiasm by the building of a steel plant is surely without precedent in history. Yet more than any other project, Magnitogorsk has come to symbolize the objectives and pace of Soviet Russia's Five-Year Plan. When, on Feb. 4, 1932, the first blast furnace began to pour forth molten iron, the people reacted to the news as if it were of some decisive victory on a battlefield. By March 28 the first blast furnace produced its normal daily quota of iron according to the plan, 1,037 tons, and in the first days of June the second furnace was blown in.

In comparison with Magnitogorsk, the biggest construction job in Russia, the giant steel mills of the Ruhr and the mighty metallurgical plants of France, Belgium and England are like pigmies. Nothing like it in size and completeness had ever before been conceived. True, its total capacity will still be exceeded by the Gary, Ind., works, but this plant was built over a period of twelve years, while Magnitogorsk is less than two years old.

Though the first rivets of blast furnace No. 1 at Magnitogorsk were driven but fifteen months ago, its output of pig iron has already begun to satisfy Russia's new tractor and machine-building plants, hungry for metal. By the end of 1933 Magnitogorsk's eight 1,000-ton blast furnaces will be ready to produce 2,500,000 tons of pig iron a year. Ulti-

mately, this capacity will be increased to 4,000,000 tons, which will make it the largest steel plant in the world, producing one-third as much steel as all Germany's highly industrialized metallurgical plants put together.

What is being built at Magnitogorsk on an area of twenty square miles is not one large mill, but a complete series of interdependent metallurgical and chemical plants which are to form a base for the industrialization of half a continent.

Here one undertaking, costing 800,000,000 rubles (about \$400,000,000 at par), has combined the building of a great dam, capable of impounding 10,000,000,000 gallons of water, a power house that would be sufficient for Moscow's requirements, the development of vast iron ore deposits and limestone quarries, the construction of coke ovens with a capacity greater than any in Europe, a concentrating plant which must handle 20,000,000 tons of crude ore a year, blast furnaces, open hearths, Bessemer, blooming and rolling mills. Alongside these are to be chemical factories which will extract the tar, ammonium sulphate and benzol by-products, and huge machine and locomotive repair shops (because the plants must be as nearly self-contained as possible), such accessory industrial enterprises as brick works with an annual capacity of 30,000,000 bricks, lumber mills and woodworking shops. Scores of locomotives, thousands of freight cars and nearly 200 miles of standard gauge track are needed for transportation within the plant area alone. The metallurgical combine spreads over into an adjoining valley where preliminary work has already been

started on a pipe mill whose products will carry gas and oil across the countryside from Baku and Grosny to the industrial centres.

Magnitogorsk impresses not alone by its size, nor even by the speed of its construction which has triumphed over incredible obstacles, but also by the daring of locating this modern, complex giant of metallurgy in the most backward section of what was only yesterday one of the world's most backward countries. Against a background of primitive culture, an entire steel industry is for the first time in history being created in one place, complete as a unit of design and construction. By comparison the best steel plants elsewhere are patchwork affairs of newer and older units enlarged and improved from year to year to meet growing demands and changed technical processes.

Yet it was an American firm that was selected to design and develop the entire project. In speaking of the undertaking, William A. Haven, chief of the American engineering staff, has said: "Magnitogorsk was an opportunity that comes but once in the lifetime of an engineer. The magnificent setting provided by nature for this enterprise made possible a general plan that for completeness, symmetry, utility and even beauty, from an engineering and operating viewpoint, has rarely been equaled."

Two years ago Magnitogorsk (Magnito Mountain) was nothing but a barren waste of bleak Siberian steppe, uninhabited except by nomadic Kazak settlements. On the Siberian side of the Urals, it is 500 miles from the nearest large city, and even today is connected with the outside world only by a new and still unperfected single track railroad line. Its very inaccessibility may be one of the reasons for the creation of the steel city in such a place, for it is thousands of miles from any of the Soviet frontiers and practically immune from foreign attack.

Magnito Mountain, the world's

richest and most highly concentrated deposit of iron ore, is the real reason for Magnitogorsk. The existence of this treasure had been known for 200 years, but like many other natural resources of Russia it was allowed to lie untouched until recently. The ore deposit is the face of the mountain itself, inviting the assault of the huge electric American shovels, which scoop up nine and one-half tons of ore with every bite. The ore averages 57 per cent pure iron and the top layers are so rich that, after crushing, they can be dumped directly into the furnaces without concentration. Not a penny's worth of expensive stripping is necessary. Dr. Smith, the American geologist on the work, says: "There is enough ore here to keep this huge plant going for 100 years."

Within a few miles of Magnito Mountain there lies an inexhaustible bed of limestone, as essential as iron ore to the production of steel. Likewise, the immense quantity of water necessary to quench the thirst of the blast furnaces, 40,000,000 gallons daily, is supplied by the Ural River which flows through the valley. Building a concrete dam 3,500 feet long, to create an artificial lake five miles in length, is in itself a striking engineering achievement.

But iron ore, limestone and water are in themselves valueless without the coke necessary for the smelting process. Here the Soviet planners found themselves face to face with a seemingly insurmountable obstacle. Nowhere within hundreds of miles was there a good quality of coking coal. True, at Kuznetsk a marvelously rich field of coal had been discovered, coal equal to the best grade of Cardiff coking coal, but Kuznetsk is more than 1,400 miles from Magnitogorsk, in a remote part of Siberia, near the Mongolian border. To transport the 4,000,000 tons of coal a year necessary for Magnitogorsk there was only a single line of track, already much overburdened most of the way by

Transsiberian traffic. The decision made was characteristic of the authors of the Five-Year Plan—not only to use Kuznetsk coal for Magnitogorsk, but also simultaneously to construct a secondary metallurgical base at Kuznetsk, so that the 14,000 railway cars to be in constant use carrying coal to Magnitogorsk could return with iron ore to Kuznetsk. Meanwhile a large portion of the Transsiberian Railway is being double-tracked, and a new road is to be built which will considerably shorten the distance.

When the American engineers arrived at Magnitogorsk on the newly laid railroad line, in May, 1930, they found a straggling settlement with about 3,000 workers engaged in erecting barracks for the builders that were to come. Today Magnitogorsk is growing from a construction camp into a feverishly busy city of 200,000 people, working as unceasingly during the long Winter nights, under the illumination of electric floodlights, as it does by day. Already 62,000 workers are on the payroll, and the schedule calls for an increase to 120,000 workers in the next few months. The housing, feeding and clothing of these people, particularly since supplies for them as well as all construction materials must be brought in on the single-track line, presents such a serious problem that men with families are already prohibited from going to Magnitogorsk. Only single men and women or married couples, both of whom can be employed, are wanted.

The Russians realized from the first that no single government organization could cope with so large a project. If Magnitogorsk was to be built, the entire nation's efforts must be mobilized. Into this task the Russian Communist party threw itself with characteristic energy. Every vehicle of publicity was employed. The newspapers, the radio, the cinema, the theatre, the factories, the trade unions, the collective farms, the schools, meetings, parades, billboards and posters, all were made use of in

the campaign to awaken the people to the vital importance of Magnitogorsk and of the sacrifices required to create it.

Hardly a factory in the land had not some orders on hand to fill for Magnitogorsk. Eighty-five per cent of the tonnage of steel necessary came from Russia's own older metallurgical plants. In every factory the new steel plant was given first call. Other orders and other requirements were side-tracked. Special workers' committees were organized in various factories to speed up the manufacture and shipment of material and equipment needed for Magnitogorsk. Newspapers were specially published by many of these committees to inform the workers of the progress being made on Magnitogorsk orders and to explain their importance to the whole project. In all the industrial centres the school children were taught to urge their parents to extra efforts to supply materials for Magnitogorsk. Scoreboards were set up on which the children showed how many hours of labor the older members of their families were contributing to the work.

Over the whole of Russia's greatly burdened railroad system freight for Magnitogorsk is given the right of way. Ordinarily freight requires a week to go from Leningrad to Moscow, but imported equipment urgently needed for the blast furnaces was rushed from the Leningrad Harbor to Magnitogorsk, a distance five times as great, in seven days. All over the country one sees freight cars with signs painted on their sides: "Freight for Magnitogorsk. Don't delay." Cities may lack essential supplies, consumer goods for the population may be delayed weeks in reaching their destinations, but freight for Magnitogorsk must arrive on time.

Magnitogorsk is essentially the creation of the Soviet youth; 60 per cent of the workers at Magnitogorsk are under 24 years of age. The Kom-somols, Russia's Communist youth

organization numbering nearly 6,000,000 members, have adopted Magnitogorsk as their own project and supply most of the *udarnik*, or "shock brigades," in the industrial struggle for the steel plant. Their battle cry is "Give the country iron." Under a rigorous, self-imposed discipline these young workers have helped largely to overcome many difficult construction problems. The working day is one of eight hours, but no "shock brigade" Komsomol would dream of stopping when the whistle blows. Even when he has finished his day's work he holds himself in readiness for any emergency caused by a break-down in the schedule. It may be unloading lumber from badly needed freight cars which are causing congestion at railroad sidings because of a lack of labor, or night work pouring concrete on the dam to stem the river before an early Spring thaw floods the valley, or the tedious task of "liquidating" illiteracy among newly arrived peasants.

The fighting spirit of the young Communists communicated itself to the office and technical personnel. Bookkeepers, stenographers, supply clerks, teachers, cooks, waitresses, all craved the satisfaction of taking actual part in the construction. These employees, of whom there are over 2,000, volunteered to work on their rest days in organized brigades of *subbotniks*, or Sabbath workers, unloading bricks from railroad cars, piling lumber or doing plain pick and shovel work.

Jacob Gugel, who is in complete charge of all construction work at Magnitogorsk, and who is to head the metallurgical combine when it is completed, is a man of 35 with nothing more than a common school education. He was a mechanic in one of the Donbass metallurgical plants at the time of the civil war when Deniken was ravaging the Ukraine, and when peace was restored he became interested in re-establishing production in the ruined plant where he had

been engaged. He was elected foreman by his fellow-workers and, as soon as his talents for organization and management were recognized by the directors, he was appointed superintendent of the plant. Within a few years he became the director of the All-Union Steel Trust, the governing body of the Soviet steel industry. His appointment to head Magnitogorsk was at the personal instance of Stalin, who looks upon Gugel as one of the ablest executives in the country. As a member of the Communist party, Gugel receives a salary of less than \$200 a month (the maximum allowed to party member executives), a fraction of the sum received by the engineers and executives who assist him.

Magnitogorsk, a supreme example of a modern steel plant, is being erected by means of comparatively little construction equipment. Sheer brute force—the strength of thousands of peasant hands—takes the place of equipment—steam shovels, trench excavators, power derricks and motor trucks—which Soviet Russia cannot afford to buy abroad. The same project could undoubtedly be carried out in America with one-quarter or one-fifth the number of workers. American construction engineers, accustomed to working at home with the most modern labor-saving installations, are amazed that so much has been accomplished at Magnitogorsk without machinery. Earth excavation by millions of cubic yards, concrete poured by hundreds of thousands of tons, building material and other supplies unloaded from endless miles of railroad cars—all this work done with little more than hand-made shovels and wheelbarrows. A thirty-five-ton steel girder was put into place wholly by hand power with the aid of elementary gin poles. Heavy parts of crushing equipment (said to be the largest in the world) were pulled up to the concentration plant on the side of Aiderli Mountain by methods that could not have advanced much beyond those used by

the pyramid builders of ancient Egypt.

Skilled labor, as Americans know it, is practically non-existent at Magnitogorsk. A man calling himself a carpenter may have done nothing more to deserve the name than help to erect a log cabin in his native village. A crude native hatchet resembling a medieval battleaxe and a home-made saw may constitute the sole equipment of his tool chest. He works by rule of thumb and often is slow to recognize the virtues of foreign-made tools. Three-quarters of these workers are of raw peasant stock, none of whom has ever worked in the building industry or has even seen a factory under construction. They have been enlisted for the job by recruiting agents, who went to the collective farms with the appeal to rationalize their collective farming so that surplus men and women might be released for construction work.

The peasants who are being transformed into artisans by hot-house methods are gathered from all corners of the Soviet Union. No less than thirty-five Soviet nationalities are represented among them, all working together in spite of the differences in customs and language. A colony of several hundred Americans and Germans, all of whom are skilled construction and steel plant operating specialists, compose the foreign settlement.

More than 10 per cent of the workers at Magnitogorsk are women, and there is not a single branch of the work in which they do not participate. For example, women are to be seen high up on the scaffolding around the blast furnaces, carrying hot rivets to the men. (The Russians have not yet learned our steel workers' knack of tossing rivets.) Even welding by the electric and oxyacetylene processes holds no terrors for the women. Women bricklayers are quite common. Setting reinforcement iron is a job on which the Russian engineers say the women are as adept as men. No distinction is made between men and wo-

men; equal wages for equal work and equal opportunity are rules that are fundamental in the Soviet Union. And so women are to be found at Magnitogorsk holding positions of foremen and superintendents, and even engineers in charge of important work.

The most difficult problem facing the Soviet authorities is that of finding the workers to run this plant with all its complex processes. In full operation, the mine, steel mills and auxiliary plants will require a permanent force of about 21,000 workers, practically all of whom must be highly skilled men. A number of them will be supplied by the older metallurgical plants in the Donbass and the Urals. But the majority will be young peasants only recently tilling the soil before becoming engaged in constructing the plant. So that they may become skilled steel workers, thousands are spending their free time in the schools which have been organized to provide intensive technical training. Though still a construction camp, Magnitogorsk has already opened its institute of metallurgy to function in close co-operation with the plant. Before the blowing in of the first blast furnace, practical experience supplementing theory was given the students by sending them to one of the steel plants in the Urals for a stay of from four to six months. But practical work is now available on the spot, and as fast as the other furnaces are put into operation the students will join the permanent staff and work side by side with the older and more experienced men.

Thus are the peasants of the steppes being transformed into the working legions needed to man the new industries. That all this is more easily said than done is clearly recognized by the Soviet chiefs. Many years must pass before the new industrial plants attain maximum capacity and before the new proletariat acquires that respect for machines and labor discipline essential to mod-

ern industrial production. Industrialization of a peasant country is no simple task, and creating socialism where the majority of the workers have not long ago stepped from behind the plow is even more difficult.

To speak only of the plant at Magnitogorsk gives an incomplete picture of the construction activity there. Simultaneously with the erection of the furnaces, coke ovens and scores of buildings that cover the industrial area, a Socialist city is being built to house the permanent workers. This city, designed for a population of about 200,000, will be located a few miles from the plant on an elevation 200 feet above it. Out on the steppe, where the Summer heat destroys all vegetation, a system of underground water supply and drainage is being installed to make Magnitogorsk an oasis in the plain, a city of flowers and greenery. Ninety per cent of its area will consist of parks, gardens, playgrounds and landscaped walks.

The city is being laid out in districts, each with a group of brick houses for 9,600 people. These houses will be of two types, one containing two, three and four room apartments with kitchen and bathroom; the other on the "communal" plan, in which living quarters will be small, individual rooms, without housekeeping facilities, as their occupants will take their meals at the community restaurants. Each district will have its own food and supply shops, a large department store, schools, theatres, a club, a nursery and a kindergarten.

Life in each district will centre about the clubhouse, where the attrac-

tions will be so many and so varied that people will spend their leisure there rather than at home. Here there will be facilities for amateur theatricals, a gymnasium, a swimming pool, billiard, bowling and chess rooms, a library and lecture halls. The community will take care of the children in the nurseries and kindergartens so that mothers may be free for whatever other activities they choose.

The plant at Magnitogorsk will feed a host of new industrial enterprises in the Urals and Central Russia—the Ford plant at Nizhni-Novgorod, with an annual capacity of 140,000 cars, the Cheliabinsk caterpillar tractor works, the machine-building trusts of Sverdlovsk, the motor and turbine plants at Ufa and the production of rails so urgently needed for the reorganization and rehabilitation of the Soviet Union's transport system as well as for the 16,000 miles of new railroads contemplated by the second Five-Year Plan.

Before the war all Russia's iron and steel plants produced barely 4,000,000 tons of metal, whereas in 1932 the Soviet Union plans to increase its steel output to 9,500,000 tons. If it reaches this figure, it will outstrip all European countries in ferrous metal production and stand second only to the United States. Even then, the Soviet output will be insufficient to meet the needs created by ever-increasing industrialization. According to the figures recently announced for the second Five-Year Plan, the steel output in 1937 must reach 22,000,000 tons. In achieving this total, Magnitogorsk's ultimate capacity of 4,000,000 tons will be the leading factor.

The Unemployment Crisis

By E. FRANCIS BROWN

THE people of the United States are confronted today by an unprecedented social crisis. Millions of men and women are without work, and of these millions large numbers are on the verge of starvation. Their distress has strained all agencies for relief to the utmost and, since the economic disaster of October, 1929, the burden has grown increasingly heavy. Unemployment presents what a leading welfare worker has described as "the most serious human situation that this country has ever faced." Nevertheless, the problem has received far less public attention than it demands, nor has it aroused among political leaders as much concern as would be expected.

Students of labor conditions have long recognized that there are three fundamental kinds of unemployment—cyclical, seasonal and technological. The first, and today the greatest, is cyclical—in other words, the unemployment which appears whenever the operation of what we call the business cycle causes the national or world economy to slacken. Seasonal unemployment is restricted to those industries which respond to certain seasonal demands—canning, for instance, harvesting or certain holiday trades—and which require a large number of workers for a few weeks or months and then, for a period, practically cease operation. Mechanical improvements in manufacturing processes tend to throw many men out of work, and while, theoretically, they find employment elsewhere or in new industries which arise from these very technological developments, experience shows that the time between losing work and finding re-employment

is often extended. Obviously, any answer to the problem of unemployment entails removing these basic causes.

For a generation one conference after another has discussed the problem and proposed various remedies. Seasonal unemployment, it has been shown, can be, and has been to some extent, overcome, but no way has yet been found to prevent cyclical or technological unemployment. All solutions that have been offered are little more than palliatives.

During the years before the World War American sociologists, economists and political leaders sought to find some way by which all men at all times could be kept at work—if they so desired. Between 1910 and 1916 seven important studies of the problem of unemployment were made, but without any effect upon legislation. By 1916, however, the prosperity fostered by the war tended to relieve the economic distress among the working class, and employment rose steadily until it reached a peak in 1919. But even in those years men were without work, though not in numbers great enough to attract much attention. As the war boom ended and industry slowed down, unemployment again afflicted American labor until, in the Fall of 1921, President Harding was compelled to summon economic and social experts, leaders of industry and labor, to a conference on unemployment. This conference, like so many others, did little except gather a mass of information on unemployment, its causes and possible remedies.

To most Americans the problem of unemployment and proposals for its

alleviation remained until 1929 largely theoretical. Attempts to enact unemployment insurance laws—and unemployment insurance has so far been the only means discovered for protecting the worker against the day when he is without work—failed, since State or Federal unemployment insurance had little support from either capital or labor. Almost the only plan for overcoming the hazards of unemployment, and obviously it was but a half-way measure, was the establishment of labor exchanges or agencies in several States. The hope was that they would facilitate the finding of employment for workers whom the industrial system had temporarily cast adrift. Before the World War public employment agencies had a promising development in several States, and during the war itself an emergency Federal system grew up to supplement the State exchanges. But after 1920 dry rot set in, until it could be truthfully said before the hearings held on unemployment by the Senate Committee on Education and Labor in the Winter of 1928-29 that "aside from the Wisconsin offices, there are efficient exchanges in some other States, although the number is so small that it does not even offer the skeleton of a national system."

All other attempts to deal with unemployment were private and found expression particularly in schemes for unemployment insurance. Among some of the stronger labor unions, notably in the printing trades, plans for benefits to unemployed members of the union were developed, although, on the eve of the present economic crisis, not more than 35,000 workers were affected. In some of the more enlightened industries schemes were devised in the years following the World War to develop reserves which would protect employes in times when workers would have to be laid off. But these programs were few, and the funds accumulated were too small to be of service in any real crisis. A third type of unemployment insurance, sup-

ported by the joint contributions of employers and employes, was common among the clothing workers. Yet none of these plans was far-reaching—in all not more than 151,000 workers were included in their provisions—and the benefits which they offered were unlikely to withstand any prolonged strain.

Except for these few plans, and the obvious makeshifts of breadlines, municipal lodging houses and other charity devices, there was no organized or tried national plan for dealing with the unemployment crisis which suddenly confronted the United States in the closing days of 1929 and which grew steadily worse in succeeding months. Perhaps the principal explanation is that in the United States there are no reliable statistics of unemployment. When even those most closely concerned with the problem were uncertain of its extent, the public as a whole could not be expected to take it seriously.

In spite of what seemed to be general prosperity following the war, the numbers of those employed, with a few exceptions, steadily declined in the decade after 1919. From 1919 to 1923 the index of employment fell rapidly, although in 1923, when the post-war deflation ended, it rose above that for 1919. Then it again declined, without ever attaining the 1919 or 1923 peak, although showing some improvement in 1926 and 1929. Nevertheless, all statistics for employment or unemployment continued to be so inexact that estimates of the number out of work ranged from 1,000,000 to 4,000,000.

The same lack of reliable figures exists today. Basing estimates upon the best sources at their command, the Department of Labor and the American Federation of Labor issue monthly statements of the number of jobless; about 8,000,000 seems to be the figure upon which they agree. But the figure is undoubtedly too small, as it omits most of the "white collar" workers, who have been harder hit by

the present turn of the business cycle than ever before. Nor does it include the thousands of high school and college graduates who, during the year or two since they completed their education, have been forced to remain idle. If all who are without work were counted the extreme figure of 12,000,000 might be found to be nearer the truth than that given out by official sources.

But whether 8,000,000 or 12,000,000, the number is large enough to present the greatest social problem which the United States has known in modern times. Certainly, millions, through lack of work, have been reduced to poverty and, without outside aid, would starve. It is for these people that most of the relief has been provided. Added to the burden of feeding—and in most cases clothing and shelter are needed as well—is the question of somehow sustaining morale. In terms of human tragedy, these millions on the verge of starvation arouse the greatest pity and anxiety—deservedly so, because the “submerged classes” in the last resort are the basis of our social order; their well-being is the test of the success or failure of democracy under the capitalist system.

There are thousands, perhaps millions, of “white-collar” workers who present no less a problem, although one of a somewhat different nature. They are the trained, supposedly more intelligent, in many instances the more cultured elements of our society—the solid middle class which has been the bulwark of capitalism. When members of this group are thrown out of work they can often fall back on sufficient reserves to maintain themselves, at least on lowered standards, for a considerable period; friends or relatives may be close at hand to tide them over the crisis. Even so, the Commissioner of Public Welfare in New York City said on April 28, 1932: “Never before in the history of the Department of Public Welfare has the

higher type of man and woman, the cultured, educated citizen, who in normal times possesses earning power of considerable magnitude, been forced to ask the city for aid.” Those who do not face poverty and destitution immediately tend to fall victims to what is worse, a hopelessness and despair which slowly destroys mental stamina and moral fiber until many of them will never be capable of resuming their former rôle in society. Their plight may not come to the attention of the “relief worker,” but in the long run this decay of the middle class induced by the present economic depression may be of tremendous social significance.

From the beginning of the economic crisis government officials at Washington have shown little comprehension of the magnitude of unemployment or its possible social consequences. Toward unemployment, as toward so many other present-day problems, the present administration has seemed devoid of leadership. Soon after the Wall Street crash in the Fall of 1929 President Hoover summoned a Conference for Continued Industrial Progress, a meeting of leaders in all fields of economic activity. At that time the President secured promises that the wages of labor would not be reduced and that employment would as far as possible be maintained. Moreover, he announced that huge sums would be spent on public works by the Federal Government, by States, counties and municipalities in order to provide further employment. As a result, he felt justified in his annual message to Congress in December, 1929, in saying that through his efforts much unemployment had been prevented.

Nevertheless, in January, 1930, William Green, president of the American Federation of Labor, declared that 3,000,000 men were out of work and that a situation which was serious before the Wall Street débâcle had now become acute. Other students

of labor conditions—except in official circles—continued to stress the rise in unemployment, while breadlines appeared in the cities and charity organizations administered relief haphazardly but as well as limited resources permitted. But in spite of years of development the nation's social agencies were unprepared to bear the burden which suddenly was thrust upon them.

During that Winter Senator Brookhart introduced a bill in Congress for the appropriation of \$50,000,000 for relief, but his proposal never bore fruit. Another important bill, sponsored by Senator Wagner of New York and introduced in the Senate in April, 1930, provided in its original form for the setting up of a Federal system of employment statistics, for advance planning of public works and for the establishment of a Federal office to act with State employment services as an employment clearing house among the States. Although the bill failed to pass, it received a more favorable reception the following Winter, only to be vetoed by President Hoover.

Unemployment rose steadily in 1930 in the face of constant attempts by the administration to discount the seriousness of the situation. Meanwhile the much-advertised program of public works construction had been slow in getting under way and its results were disappointing. Moreover, unemployment was spreading to the "white-collar" class. By the Fall of 1930 the President and his advisers could no longer hide their heads in the sand. In October, Colonel Arthur Woods, who had been Police Commissioner in New York City and on the President's Committee on Unemployment in 1921, was chosen to direct Federal unemployment measures. Apparently the administration still expected that a public works program would provide for the emergency, although some attempt was made to co-operate with State and community or-

ganizations which were giving relief, and employers were asked to spread employment as far as possible. The President's annual message in December, 1930, declared that \$520,000,000 would be spent by the government for public works, while Colonel Woods maintained that this amount, added to the sums spent by the States, would be adequate to meet the emergency. The President in his message set the figure for unemployment at 2,500,000, but less than a month later the Secretary of Commerce maintained that 6,050,000 were out of work.

The President's veto of the Wagner bill, although sustained by Congress, aroused a storm of protest throughout the nation, and, soon after, the Secretary of Labor announced that Federal labor exchanges had been established in all the States to co-operate with them in finding work. How successful this service had been is a matter of controversy, but certainly whatever success there may have been has had no appreciable effect on the figures of total unemployment.

Except that conditions were worse, the Winter of 1930-31 was a repetition of the tragedy of the preceding year. Private charity and welfare agencies, supplemented by appropriations from municipalities and counties, did their best to relieve the distress. Coordination of effort, expansion of staffs and more abundant funds made the work more efficient and far-reaching, but the burden was already weighing heavily and many a welfare director was ready to admit in private that drastic measures must soon be adopted. On the other hand, the disastrous consequences of the British dole were pointed to, causing solid citizens with bank accounts to insist that proposals for similar measures in the United States were unthinkable.

As the Summer of 1931 brought a deepening of the world economic depression, it became evident that the Winter ahead would see far worse

conditions among the American working class than the country had yet known. Although resisting all suggestions that Congress be called in special session to work out a program to deal with unemployment, the President did take steps to give some Federal support to the relief work already in progress. On Aug. 19 it was announced that Walter S. Gifford, president of the American Telephone and Telegraph Company, would direct the reorganized President's Committee on Unemployment which would aid the nation in organizing relief work for the coming Winter. Nevertheless, President Hoover reiterated his belief that a Federal dole was out of the question, and that help must come from the States and local communities. The President's committee was to assume the direction and organization of a nation-wide drive for unemployment relief funds, the administration of relief matters and the stimulation of employment, either through "spreading work" or by increasing public construction. Two months later, with a blast of press notices, radio broadcasts, banquets and general solicitation, a drive for \$500,000,000 was opened. How much money was raised no one, not even Mr. Gifford, knows. In some cities enormous sums were secured without difficulty—New York City raised \$18,000,000—but the total was enough to last only through the Winter.

As the burden of unemployment relief grew heavier and heavier, municipalities, counties and States appropriated funds to alleviate distress. In September, 1931, a report of the Russell Sage Foundation stated that private agencies were sustaining only 23 per cent of the burden, but the extent of relief and its incidence is as difficult to determine as the exact number of unemployed. New York State in September, 1931, appropriated \$20,000,000 to aid municipalities with their relief programs; in succeeding months similar action was

taken by five or six other States. Meanwhile many States had established committees or commissions to study the problem of the unemployed.

In New York City, where the situation has been serious from the beginning of the depression, total public and private relief rose from \$360,000 in October, 1930, to \$6,700,000 in March, 1932. Even so, according to a report of the city's Welfare Council, it has been impossible to aid thousands of families who are in want and only "famine" relief has been extended to many others. The Commissioner of Public Welfare has said recently: "Never before in the history of the city of New York has there been so much poverty and misery appealing for public and private aid. Never have so many families reached the end of their resources." At the same time it was admitted that in New York City "the private welfare societies are overwhelmed. They cannot deal with the situation that confronts them." In Chicago it was shown at public hearings that because of inadequate relief funds every applicant for relief was reduced to pauperism before being given consideration. Surveys conducted by various journals and social organizations disclose that similar conditions exist in most large centres. New England and up-State New York seem to have the situation well in hand, but the plight of the industrial cities of Pennsylvania and the Middle West is desperate. In general it may be said that public and private relief has failed lamentably to meet the emergency, and that cities, at least, now find it difficult to raise additional funds.

Relief varies from the payment of wages for labor on public works to the issuance of orders upon grocers for foodstuffs. In Toledo, where unemployment is most acute, a municipal warehouse has been opened from which are distributed packages of food, the nature and amount of which

have been determined by a staff of dietitians, to all those proved to be in want. In this way from 50,000 to 60,000 persons are being fed by the city at a cost of about 6 cents a day. During the past Winter the average family drawing relief in Philadelphia received a grocery order worth \$4 a week, with an additional milk order if there were small children in the family. In few instances has it been possible to provide families with fuel or with rent money or with clothing.

Much of unemployment relief is not organized, or at least is outside regular agencies. In New York City funds raised among school teachers provide free meals for school children who otherwise would go hungry. Similar relief is being extended in other cities. Many people who are not registered with any relief bureau are being cared for by friends and relatives, while storekeepers have provided aid to the needy of the neighborhood. As testimony given before the Chicago Workers' Committee on Unemployment disclosed, "the real burden of this crisis is being borne, not by any relief agency, but by the poor sharing with the poor. Small merchants, landlords, milkmen, school teachers who have little or nothing themselves are straining their own resources to the breaking point to help their neighbors, relatives and friends."

Relief workers, in spite of the many handicaps to their providing even a minimum of aid, have endeavored to extend their efforts to maintaining the morale of the unemployed. Toward this end recreation and reading rooms have been opened in some cities, and where this has been impossible men and women without work have been directed to libraries and lecture halls to obtain diversion without expense. With the coming of Spring in 1932 attempts have been made to start "un-

employed gardens" to raise food for the families of the destitute and to afford jobless men exercise and distraction from their woes.

While unemployment relief staggered and stumbled during the Winter of 1931-32, further attempts were made at Washington to secure Federal aid. At the opening of the Seventy-second Congress bills introduced by Senators Costigan and La Follette proposed to establish a Federal board of unemployment relief which would administer aid and assist local and State agencies and to appropriate \$375,000,000 for the use of the board, dividing 40 per cent of this sum among the States according to population. Although the bill was reported favorably by the Senate Committee on Manufactures, it was defeated in the Senate on Feb. 16. By the end of the Winter the only relief bill of any importance to pass Congress was an act for the milling of 40,000,000 bushels of the wheat held by the Farm Board and the distribution of the flour among those in want. But other measures are pending. (For an account of later attempts by Congress to pass unemployment relief measures, see the monthly survey of events in the United States elsewhere in this issue.)

The end of unemployment is not in sight, but the end of the capacity of local organizations to deal with the problem is. Unemployment relief now threatens to become a political issue unless both parties can be brought to see the need of concerted Federal action. No longer can the plight of the jobless be evaded. When Alfred E. Smith on May 16 declared that "talk will not solve unemployment," he might well have added the words of Grover Cleveland, "it is a condition which confronts us, not a theory."

The Speakeasy as a National Institution

By WALTER ANDERSON

DURING the twelve years of national prohibition the speakeasy has become a national institution. Yet the speakeasy is not new in America, nor, for that matter, in any country experimenting with prohibition in any of its guises. Charles Dickens, in his *Pickwick Papers*, refers to a "whistling shop" in the Fleet Street jail; Carrie Nation's early days as a dry warrior were spent in throwing her celebrated hatchet into the windows of speakeasies in her native State, Kansas. These places were not speakeasies in the modern *sotto voce* sense of the term; they were corner saloons operated in "wide open" fashion, in defiance of the local high license laws. We have had the speakeasy with us in America for more than a hundred years, during which it has been known in different localities as a "blind pig," "whistling shop," "smoke shop," or by some other strange term. The Volstead act, in nationalizing prohibition, nationalized the speakeasy, dramatizing an institution in metropolitan centres where it was regarded as a novelty and where, in recent years, it has attained a somewhat glorified status.

The origin of the speakeasy is, by the very nature of the institution, difficult to determine. Its American history dates from 1821, when the State of Maine attempted to regulate the sale of liquor by a license law. This initial Maine law included restrictions upon gambling and drunkenness in addition to the license fee. From the

beginning the law was widely broken. There was a fine of not over \$50 for common selling; informers collected half the fine up to \$20 for their services. During the next thirty years this act was rewritten, repealed and revised. Claiming that they sold only an occasional drink to travelers, tavern keepers sought to evade taking out a license; by 1834 merchants had succeeded in selling beer, cider and ale also without a license. In such evasions of the law we see the beginnings of the present-day speakeasy.

After thirty years of effort (1821-51) Maine became the first dry State. Meanwhile other States were experimenting with the liquor question. But the movement, as we know it, did not really become important until the last twenty years of the nineteenth century, when the Middle West was the scene of vigorous prohibition crusades, resulting in State prohibition in Kansas, Iowa and the Dakotas. Many Southern States went dry at the beginning of the twentieth century. The West and the South thus joined New England in being confronted with a new problem—the speakeasy.

The rapidity with which the illicit traffic in liquor grew was made clear by the Commissioner of Internal Revenue, in a report on the sale of liquor in 1914, which remarked: "Bootlegging is principally carried on in States operating under local prohibition laws, and appears to be one of the hardest propositions that revenue officers are called upon to face. * * * As the various States vote

'dry' the operations of the bootleggers grow larger. * * * Illicit distilling, during the past fiscal year, increased slightly over the preceding year."

With the coming of national prohibition the speakeasies of the dry States along with the saloons and liquor stores of the wet States died a sudden death. It took fully two years for ways and means to be devised by the bootleggers to operate in defiance of the new law. Before 1920 the source of liquor supply for speakeasies was the adjoining town or State, if the local prohibition or high license law was State-wide. But with the nation now dry and the citizens' cellars becoming depleted of their stocks, new sources had to be opened to supply the popular demand. Canada, Bermuda and Mexico became the new sources; St. Pierre, a French fishing hamlet off the Newfoundland banks, witnessed a spectacular boom when it transferred its business activities from fish to liquor. In those days much of this smuggled liquor was "cut," as the expense was beyond the average man's purse. The manufacture of cheap, "raw" whisky and "needle" beer in hastily devised distilleries and breweries provided for the workingman's market.

But the economics of purchase by the case plus the psychology of "just one drink" made inevitable a return of the saloon or speakeasy in some guise. With national prohibition in force, the speakeasy now had to negotiate the hurdles of both Federal and State restrictions. The speakeasy of that day consequently was a mere "hole in the wall." One of the first to operate in New York City was an empty store in the theatrical district. Here a bar had been installed and some sawdust thrown on the floor. To all appearances it dispensed soft drinks; one had to be known to buy a drink of whisky. This whisky was kept in pint flasks in the pockets of a dozen overcoats hanging on the wall at the rear of the bar. In the event of a Federal visitation nothing was

to be found. If the prohibition agents moved suspiciously near the overcoats while searching the premises the bartender would cry out: "All the customers left their overcoats here in their scramble to get out when you fellows came in." Many of the operators of such places have since gone on to great financial success, not only in running chains of modern speakeasies but in organizing a variety of "rackets" which they use to extort money from the proprietors of neighborhood laundries, cigar stores, garages and other small businesses.

After two years of national prohibition the bootleggers and their political henchmen were so well able to cope with the enforcement authorities that any former bartender still out of employment as a result of the closing of the saloons could go to a "big time" bootlegger and be set up in business with a speakeasy on a percentage basis. All that was required was that he buy his liquor exclusively from the master; any deviations were fatal and made the crime news for the next day's newspapers. So well entrenched politically were the leading bootleggers that it took the Federal authorities four years of day and night investigation to convict Al Capone; even then they were obliged to resort to the expedient of charges under the income tax law—a method which is being successfully applied this year against many notorious individuals.

The speakeasy in the elaborate setting which distinguishes it in the larger cities today was years in developing. Since the hole-in-the-wall type of drinking place would not attract the profitable middle and upper class trade, it was necessary to provide surroundings in keeping with the scale and traditional extravagance of the pre-prohibition cafés of the *haute monde*. But the expense of such a step was prohibitive owing to the imminent danger of being padlocked by the two prosecuting agencies, State and Federal. It was not until various States nullified their own enforce-

ment acts that the speakeasy rose to its present position of gay and glamorous lawlessness. New York repealed its enforcement law, the Mullan-Gage act, in 1923, after only two years of attempting to meet its financial burdens. Massachusetts and other States followed suit shortly after. Wherever this happened, it was a signal for bootleggers to open speakeasies on an elaborate scale.

The policeman on whose beat a new speakeasy opened henceforth merely reported it to his precinct as a "suspected place." During the first week of its operation the local police inspect it, but only as a safeguard against violations of city ordinances, principally those relating to vice. There is a popular superstition that an officer assigned to a beat on which are located several speakeasies soon retires with large bags of gold. Actually there is no reason why a speakeasy should pay out graft to any city or State authority where the local enforcement act has been repealed or had never been made law. So far as the policeman on the beat goes, his "graft" usually amounts to an odd quart of whisky as a reward for his vigilance in informing the speakeasy that the Federal agents are "in the neighborhood."

Prohibition had a devastating effect on the nation's pleasure arteries, Broadway in particular. Shining forth in the bizarre splendor of cafés, cabarets, hotels and theatres, the "Great White Way" of New York rapidly degenerated into an affair of cheap chop-suey restaurants and slovenly shops; its hotels have long since deserted their recognized standards of excellence and its theatres have become motion picture houses. Broadway no sooner declined, however, than it began to arise, in the spirit if not in the letter. In 1923 numerous speakeasies and "clubs" began to open not far away in the fashionable Park Avenue residential district.

In recent years the night life of the

larger American cities has tended to pattern itself largely along the lines of the night clubs of European capitals. The fashionable speakeasies avoid the worries of search and seizure by Federal agents by incorporating as "clubs" at the State capital, obtaining a charter for which they pay a bonus to a political agent in addition to the regular fees. Memberships in the "club" are then sold to prominent residents of the city; dues range up to \$300 a year. The "club" usually occupies a private house, one of the brownstone-front survivals of the "Mauve Decade," or a more architecturally elegant gray limestone mansion. Many of the new "tower" hotels rent entire floors to the "club" type of speakeasy, which not infrequently is installed in a penthouse. Where the premises are leased instead of purchased outright an additional six months' rent is obtained by the landlord as security in the event of padlocking by the Federal agents.

The charter of these clubs is usually framed and hangs on the foyer walls, where it can be quickly seized by the attendant at the entrance door and displayed to Federal agents seeking admission. The local police can enter if they wish, irrespective of club charters or similarly obvious though effective subterfuges. The police, however, are not concerned about liquor violations but about infractions of the local ordinances against noise, gambling and prostitution, which are the chief causes of police attention to a speakeasy in States where the enforcement act has been repealed.

Oddly enough, the appointments of this new type of gilded saloon which came into existence both in spite of and because of national prohibition are far more elaborate and pretentious than those of the pre-prohibition café or cabaret. Everything that the old café or cabaret boasted, the new speakeasy or "club" has provided in even more tasteful style, doubtless as a token to its new-found and highly

profitable feminine patronage. Good paintings, tapestries and other *objets d'art* grace these places; there are also powder rooms and a variety of salons furnished in "period" style; rooms for backgammon, bridge, ping pong, roulette and other games; the barrooms are prevailingly fashioned after the model of the "American bar" of European capitals. Many of these places cost upward of \$50,000 to open. Food prepared by eminent chefs and served by equally eminent head waiters and their staffs is good enough to satisfy the grand tradition of the gourmet, with a sauterne, burgundy or champagne of excellent vintage to accompany the meal and a liqueur or brandy to go with the coffee.

The 15-cent cocktail of the celebrated Waldorf-Astoria bar of pre-prohibition days now costs \$1 in the speakeasies and "clubs" catering to the same clientele. Champagne sells for \$15 to \$20 a magnum. In less pretentious speakeasies cocktails and straight drinks sell for 40 cents to 75 cents.

Before national prohibition there were 177,790 saloons, 1,090 breweries and 236 distilleries. The number of speakeasies and distilleries in the dry States before 1920 was legion; estimates conflict, however, owing to the fervor of the protagonists of the wet and dry causes and their consequent manipulation of statistics. This condition of course obtains even more broadly under national prohibition. The data on the number of speakeasies in New York City alone is highly contradictory. The number was placed at 34,000 by Grover A. Whalen when he was police commissioner of the city; a prominent newspaper checked this figure and announced it as fairly accurate. In a recent address Police Commissioner Mulrooney smiled at this figure as ridiculously low. At the same time Prohibition Director Amos W. W. Woodcock's census takers could locate only less than 20,000, of all grades and complexions.

The secrecy characterising the operations of speakeasies has been a thorn in the side of societies for the prevention and suppression of crime and vice. Before national prohibition they had control over saloons and speakeasies through two agencies—the excise office and the breweries and distilleries. The former could refuse or revoke the license of any drinking place countenancing crime or vice, while the brewers and distillers would refuse to supply any place reported by the societies. Since national prohibition the local police have had almost full responsibility for dealing with vice in speakeasies, inasmuch as they alone of all law enforcement agencies have entry or can easily effect it, if necessary. Nevertheless, the conditions which speakeasies by their very nature give rise to—"hostesses," and spare rooms or entire floors of private houses, since few speakeasies or "clubs" need all their space for drinking, dining and dancing—have caused many of them to become out-and-out gambling and bawdy houses. In those sections of the country where brothels flourished as late as 1920, especially in the South, the speakeasies have usurped their function and driven them out of business.

Among the many curious situations that arise in this era of the national speakeasy is the cost of imported liquors. Speakeasies selling "the McCoy," as the bona fide article is known in bootlegging circles, pay no more for a case of, say, Scotch whisky than an Englishman does in his own country, where it retails for \$35 or \$40. The Scotch and Irish distilleries obtain but \$10 a case or less for their whisky, the rest of the cost to the legal consumer being added by the government tax. The rum runners, however, purchase their cargoes direct from the distillers and evade the tax. As these rum runners carry thousands of cases each trip across the Atlantic, they can afford to land them at St. Pierre or

some other port in Canada or Bermuda (illegally, of course, since the home tax has not been paid) at a profit of only a few dollars a case. Much of this untaxed but aged whiskey and other kinds of liquor is transferred to American smugglers at sea, at the same price as is paid by the Canadian or Bermudian illegal receivers—namely, about \$15 per case. By the time it has been brought into the United States and stored in a warehouse the cost has risen to about \$20 a case; retailing it to speakeasies in dozen or half dozen case lots sends the price up to about \$30 a case, delivered, for cash. Delivery to speakeasies is always effected in the morning hours, since the Federal enforcement squads work most of the night and are at their offices during the rest of the morning that they do not spend in sleep. Federal agents are also kept busy in court prosecuting cases, and it is rare that they can make further arrests before the middle of the day.

The Federal enforcement squad is pitifully small in comparison with the number of speakeasies throughout the land; moreover, speakeasies are only a part of the vast illegal traffic in liquor. Under a recent legal decision it is no longer necessary for these agents actually to buy a drink in order to obtain evidence against a speakeasy; the "observation" of an alleged sale is deemed sufficient. This is doubtless the outcome of the recent reduction in the appropriation for prohibition enforcement made by the Federal Government to cut down the expense of obtaining evidence of the possession and sale of liquor. During the fiscal year ended June 30, 1932, the cost of prohibition enforcement, in all its ramifications, was \$11,069,500, equivalent to a per capita cost for the nation of \$0.089. Of these expenditures by States New York required \$1,610,419; next in order came Pennsylvania with \$830,088; Illinois, \$595,242; California, \$470,692; New Jersey, \$466,393. In the District of

Columbia the cost was \$126,478.09, amounting to the high per capita cost of \$0.259.

The extent of State cooperation with the Federal enforcement bureau is indicated by the fact that only 13 per cent of liquor violation cases during the past fiscal year were based on information furnished by State, county or city police. Eighty-eight per cent of all cases in the country were tried in Federal courts; in New York and other States without a State enforcement act the percentage was 100. Hence the "bargain day" procedure that has been adopted in Federal courts where a hundred cases can be disposed of in one day if the defendants are prepared to plead guilty and pay a fine of between \$35 and \$75. This has become the custom of speakeasy operators or their "dummies"; and although the privilege is abused by them there seems little likelihood of rescuing the Federal courts from their reduced status. For years now they have been obliged to work with the dispatch of the police courts.

The years 1926-29 saw the same unparalleled boom in the speakeasy business as characterized the legitimate world of commerce, and by the same token the speakeasies have reflected the recession in general business. Nevertheless, the depression did not affect the speakeasies with the immediacy with which it did other kinds of business. Among the various reasons for this doubtless the strongest is psychological. Mankind down the centuries has displayed a marked tendency to "drown his sorrows," and have the bartender "mark it on the ice." Despite this the average speakeasy could stave off the effects of the depressions for little longer than a year. One of the rigors of the business is the absolute necessity of payment all along the line in cash, from the smuggler at sea to the ultimate consumer of a highball. Liquor bills are of course uncollectable by legal process. Business took a sharp down-

ward trend for the speakeasies late in 1930.

About the same time a new institution, which had been struggling to gain a foothold for several years, became more firmly established—the “cordial shop.” Many men and women who for moral or other considerations would not enter a speakeasy now bought a quart or two of their favorite liquor in these shops without compunction. Cordial shops became as common in residential neighborhoods as cigar or grocery stores. Economic conditions were undoubtedly the basis of their success, plus the facility with which they transact business with all and sundry. Gin became the nation’s drink at \$1 per bottle; a price war among the syndicates operating chains of cordial shops soon sent the price down to 75 cents and even 60 cents in many places. The clerks in these cordial shops receive an average wage of \$25 a week without any risks.

Faced with the competition of the cordial shops the speakeasies reduced their prices “in keeping with the times.” Many of the fashionable speakeasies and “clubs” now sell straight or mixed drinks for from 60 to 75 cents and a quart of champagne for from \$10 to \$12. Even so, business has been so poor since 1930 that a considerable number of places high and low have closed their doors voluntarily. The operators of these closed speakeasies often go back into “small time” bootlegging—selling liquor by the bottle or case, using the “club” roster as a nucleus of patronage.

The bold steps that bootleggers and speakeasy operators are taking in their frantic efforts to maintain business at a brisk tempo during the depression are indicated by the odd methods of promotion and advertising to which they have had recourse. The smarter speakeasies have long had male dancing partners (gigolos) for luncheon and tea hours as an attraction to women of means. The speak-

easy often donates the luncheon receipts to some fair customer’s favorite charity. In recent months the bootleggers have even used the radio to broadcast their business messages or to build good will, following the established procedure of public relations counselors in the service of large industries. One program, for instance, has caught favor over the air in California, and several stations in neighboring States have “picked up” this program by popular demand. It gives detailed instructions on how to mix drinks and similar information. In Cleveland early this year a broadcasting station sent out an interview with a bootlegger. He was able to inject into his interview sufficient information about how and where prospective customers listening in might reach him that the station is threatened with the loss of its license by the Federal Radio Commission.

The cordial shops, fanned into life by the economic winds of 1929-30, are themselves beginning to feel the depression. As an emergency measure many of them now locate next to a corner orangeade stand, so that the soft drink customer may take his 5-cent drink next door, where gin is added to it for 10 cents, thus reviving the 15-cent cocktail.

From east and west, north and south, vast quantities of liquors are smuggled into the United States daily. Keeping pace with this smuggling is the activity of numerous distilleries and breweries all over the country, turning out great quantities of inferior “raw” whisky and beer. Fully as powerfully organized as smuggling and illicit manufacturing is the speakeasy. It has attained the status of Big Business and keeps its ear to the ground for the political reverberations of the liquor controversy. At the moment its chief concern seems to be that of every other large industry, legitimate or illegitimate—how to bring business back to something like its normal condition.

British Imperial Issues at Ottawa

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THE first imperial conference between the mother country and the British dominions since the Statute of Westminster established their equality in 1931 will convene at Ottawa on July 18. This conference will be the latest in a series which have been held since the gathering of the first British colonial conference in 1887, one of the gestures of pageantry which accompanied Queen Victoria's Golden Jubilee.

Seven years later the self-governing colonies themselves arranged for a second conference at Ottawa. Again there was pageantry, but the really important business was discussion of the construction of "All Red" cable and passenger routes from England across Canada to Australia and the colonial declaration in favor of preferential trade within the empire. Although Great Britain clung to free trade and could extend no preferences, the colonies, which had all gradually adopted protective tariff policies, proposed to extend preferences to each other. Canada gave tariff preference to Great Britain in 1896 and gradually the other colonies took similar action.

But meanwhile a change had occurred in British political circles, which had been startled to learn after the Conservative electoral victory of 1895 that Joseph Chamberlain had asked for and received from Lord Salisbury the post of Colonial Secretary in the new government. Hitherto the Colonial Office had been of minor importance; now an outstanding political leader had chosen to make it great. A business man proposed to

turn the British Empire into a profitable interdependent economy by an all-round system of tariff preferences. Though this would involve the abandonment of free trade, which for two generations had seemed synonymous with unparalleled prosperity, Chamberlain's rough, vigorous personality was not daunted, and for eleven years he made tariff reform and imperial preference his political creed.

Much of his dramatic failure was closely linked to his blunt personality and the revolutionary character of his simple idea in a free-trade England, but other forces, such as the South African War and the social program of the Liberal party, were also powerful factors. The "free breakfast table" was saved by the Liberal electoral victory of 1906 and the hopes of imperial economic unity went glimmering, with only faint revivals during the World War and in the intervals afterward when Great Britain maintained a partial tariff. During the war the dominions became individual political entities, and from 1919 to 1930 they and Great Britain were interested chiefly in legal and constitutional recognition of that change.

Although several imperial conferences were held, none until 1930 was concerned expressly with economic relations, and that foundered upon the rocks of British free trade and of dominion economic particularism. R. B. Bennett, who had just become Canadian Prime Minister, frankly declared his belief in "Canada first," and bade Great Britain come to terms before it was too late. J. H. Thomas, the British Secretary of State for the

Dominions, described Mr. Bennett's presentation of his case as "humbug" and the occasion did not arise for his withdrawal of that description. Since Mr. Thomas's own party maintained the second Labor Government in power only with the tolerance and support of the remnants of the Liberal party, these two free-trade groups felt compelled to nullify the conference by refusing to erect a British tariff wall behind which preferences could be granted to the dominions.

The failure of the 1930 conference was ascribed to personal and political differences. Yet behind them lay the great issues of British imperial economy as set forth, for example, in Sir David Chadwick's *Memorandum on the Trade of the British Empire, 1913 and 1925 to 1928*. Here is presented a picture of a mighty commercial empire in which the periphery is growing faster than the centre, in which most members of the empire trade more outside its boundaries than within, and in which the mother country tends to import increasing quantities of overseas products, while the British products taken by the overseas empire have diminished. Perhaps most important of all is the fact that the empire does not provide a sufficient market for Great Britain's weakened export trade. Between 55 and 60 per cent of British exports find their market elsewhere, and actually trade with Europe has held up better than that with the empire.

Apparently sentiment is still the chief bond between Great Britain and the dominions, if the letters which dominion governments sent last March and April to Mr. de Valera when he proposed to abolish the oath of allegiance to George V are of any significance. Authority ties the crown colonies and the other possessions to Great Britain. The economic position of the empire is peculiar; Great Britain's share of world trade has declined along with that of the rest of Europe, while the dominions are par-

ticipating in the non-European advance upon world trade. As a result, Great Britain tends to look more and more to her empire for trade salvation, but the dominions, who sell her much and purchase little, seek trade expansion in foreign countries. The dominions are pursuing policies of economic nationalism in the form of high tariffs which are difficult to scale even with British preference. It is no accident, therefore, that the crown colonies and dependencies now receive earnest British attention.

From the imperial point of view, however, the world of 1932 is a fundamentally different place from what it was in 1930. The world-wide contest in economic nationalism has been intensified and the barriers to international trade are higher. Great Britain also has changed. Last November the so-called "National" Government began to raise temporary tariff barriers to remedy the adverse balance of trade. On March 1, 1932, a minimum tariff of 10 per cent—in addition, of course, to the tariff against gold countries created automatically by the depreciated pound—came into operation, with a free list practically confined to foodstuffs (meat, fish, wheat and maize) and raw materials such as cotton, wool, newsprint, woodpulp and raw rubber. In early May a special tariff averaging 20 per cent was placed on most manufactured goods. During April, also, the principle of the old corn laws was revived in an act which set up import quota control and guaranteed the British wheat grower a market and about \$1 a bushel for 50,000,000 bushels of his wheat. Neither the tariff nor the wheat act was to apply to the dominions until Nov. 15; that is, until after the Ottawa conference.

British leaders who have created this opportunity for imperial economic integration by mutual preferences are not in complete agreement as to how it should be exploited. Some Liberal and Labor members of the

government are still unabashed free-traders and, at most, concede the temporary necessity of a tariff. Others seem to think that the British Empire and Commonwealth might become an almost closed economic system. Still others, knowing that at present empire markets cannot solve Great Britain's export problem, propose to bargain with other countries, particularly Norway, Denmark and Argentina, whose currencies are closely linked to sterling and which stand in an economic relation to Great Britain that is in some ways closer than that of the dominions. At the moment, because of Conservative antagonism, Soviet Russia, potentially the greatest rival of Canada, is not able to bring her full weight to bear in England.

If any substantial agreement exists as to British policy under the new dispensation it centres in a curious and perhaps treacherous paradox. The world has gone tariff mad and has strangled international trade in the process. Great Britain, the last important nation to follow the fashion, did so in the belief that only from inside the system could she reverse the prevailing tariff policies. This "hair of the dog that bit me" attitude is full of difficulties and dangers, but it is seriously held by many influential men who know that Great Britain can regain her old economic position only through a revival of international trade. A year ago, when the late William Graham, as President of the Board of Trade, asked various foreign governments to concert with Great Britain to lower tariffs, he received many blessings but no promises. Now, when foreign goods must climb a tariff wall to enter Great Britain, foreign countries may, or may not, see the desirability of bargaining.

The present British Government has an overwhelming popular mandate; imperial preference is an integral part of Conservative policy; and the determination which has been obvious in Great Britain since the last

election has thus far insisted on finding expression in positive action. Indeed, 1932 promises to reverse 1930, when the dominions were insistent and the mother country was unable to cooperate; now the signs point to an insistent Great Britain and confusion and uncertainty among the dominions. Great Britain seldom mentions the vital importance of her market to the dominions, although in May, 1932, she was goaded to it by the Irish Free State. It may be necessary to remind them all that in such times as these they cannot afford to have their exports face the full force of a British tariff.

The dominions, it should be recalled, rank among the high-tariff countries of the world. In varying degree they have imitated Canada—or the world—by tariff encouragement for local industries, and their own manufacturers do not welcome British competition. Canada and South Africa, since September, 1931, have been protecting their industries against the depreciated pound by invoking special anti-dumping duties. But to be imperially effective British preferences ought to be on food and raw materials and dominion preferences should be on manufactured goods. There is also strong nationalist sentiment to compete with imperial loyalty, most notably in the Union of South Africa and the Irish Free State. Basic economic differences, such as the gold production of several dominions, make for further divergence, particularly if proposals are seriously made to create an empire currency or a sterling bloc. Finally, the dominions are scattered over the world in such a way as to implicate them deeply in regional political and economic situations where their interests and those of Great Britain do not necessarily coincide.

Canada at the moment presents to some extent nearly all the dominion problems, while her size and important trading position make her special

situation the most important after that of Great Britain. She must trade with the world in order to market her huge surpluses of raw and manufactured products such as wheat, flour, wood products and non-ferrous metals. Her natural economic relation is with the United States and, until the Hawley-Smoot tariff forced Canadian retaliation, the two countries were each other's best customers. Then Canada turned from the United States toward Great Britain. Since 1930 imports from the United States have declined much more rapidly than those from Great Britain, while Canadian exports to Great Britain have held up better than those to the United States. New York, after the World War, became the principal source of Canadian borrowing, but when Great Britain went off gold and the Canadian Government began to control its export by license the Canadian dollar depreciated in the United States between 10 and 20 per cent, according to normal interest maturity dates. In these circumstances Canada confined her borrowings to the home market and Canadian citizens sold large quantities of American securities. During the past nine months there has been in Canada a growing discrimination against American products and a determination to diminish economic dependence on New York.

A mood favorable for the Ottawa conference therefore exists in Canada, but a desirable outcome is still difficult. From the currency point of view it is better to buy from Great Britain than from the United States, but from the same point of view it would be better to sell to America. Changes in the American tariff which would be favorable to Canada would present a serious temptation to forget the past. Transportation costs favor the United States; manufactured goods from the United States need no modification for use in Canada and are widely known through being

advertised. But at the moment the United States is blind to these opportunities and is even preparing to add products of Canadian forests and mines to the long list of goods which her successive post-war tariffs have almost excluded. On the whole, the chances for Canadian-British agreement are good.

Canadian wheat growers and miners naturally favor mutual preference. Some Canadian manufacturers are not afraid of British competition or would accept an import quota arrangement. Some, like the long-pampered textile manufacturers, have already announced their opposition. Apparently the best response which Canada could make to a Great Britain which has hitherto bought much more from her than she has sold to Great Britain, would be to encourage the substitution of British steel and iron products for the \$350,000,000 worth which Canada normally buys every year from the United States and to encourage the importation of anthracite from Wales instead of from Pennsylvania. Canada might encourage Britain's tropical American colonies, South Africa and Australasia to supply her with the products she has taken from the Southern United States and its Caribbean dependencies. She might sacrifice her own textile industry and induce British manufacturers to design other products for her markets to supplant those of the United States. As a great producer of gold and silver she might find it to her fiscal advantage to cooperate in establishing an imperial currency, particularly if it were on a bimetallic basis, and if it were recognized that the Canadian dollar has depreciated less than the British pound. She could then borrow in London as well as at home. Such proposals as these would mollify the low-tariff group in Canada who dislike Mr. Bennett's "Canada First" policy because they see Canadian expansion conditioned by the freeing of international trade.

South Africa's special situation is perhaps as much political as economic, even in the light of her being the world's largest producer of gold. The present Nationalist-Labor Government, which is predominantly Dutch, has decided to maintain the gold standard and has done so since September, 1931, in spite of an opposition which has split the country. Mines, banks, the Stock Exchange, most business men and nearly all producers of raw materials have clamored for a link with sterling, but the government has seen a chance to add economic to its political nationalism. The budget difficulties have been met by what is reported to be a saving of \$5,000,000 annually in interest payments to London. Thus far the government has remained in power by two expedients: the payment of subsidies, first of 10 and now of 20 and 25 per cent to its exporters of grain and wool, and the proposed introduction of a new South African currency based on gold and unrelated to sterling. Anti-dumping duties and special trade treaties with Germany and Japan make proposals for mutual imperial preferences difficult to achieve. If General Hertzog and his Finance Minister, N. C. Havenga, can keep their Parliamentary support and fend off a popular repudiation, South Africa may be the greatest stumbling-block at Ottawa.

The Irish Free State is the third of the dominions with complex local problems. Mr. de Valera, as President of the Executive Council, has attempted to fulfill his election promises to abolish the oath of allegiance to King George V and to cease transferring the annuities which Irish farmers pay to liquidate, in part, British land-purchase loans. He has appealed, and it would seem appropriately, to the Statute of Westminster in the matter of the oath and has disavowed the Cosgrave Government's financial agreements because they were not ratified by the Dail. His use of Irish legislation to abrogate bilateral agree-

ments—the treaty of 1921 for the oath and the financial agreements of 1921, 1923 and 1926—has offended the British Government, to whom both oath and annuities seem to be the natural subjects for joint negotiation. On May 11, in answer to a question in Parliament as to whether the government would negotiate with the Irish Free State after Nov. 15, when the existing tariff preferences lapse, J. H. Thomas said: "It appears to his Majesty's Government that if the bill [abolishing the oath] becomes law it would be unreasonable to expect that they should enter into negotiations for further agreements with a government which had thus repudiated an agreement already entered into."

The Irish Free State will be represented at Ottawa because it cannot afford to be left out of an imperial economic parley. Over 90 per cent of its export trade goes to Great Britain and Northern Ireland and there is apparently no alternative market. The Irish Government recently has raised some high tariffs—with an imperial preference of one-third—but it is in no position to fight Great Britain economically when New Zealand, Canada and Denmark would rejoice to have Ireland's share of the British market. The Irish budget deficit is grave; new taxation is severe, and borrowings in London are considerable. At least two great Irish industries have served notice that they will have to move in part to English factories if the Free State steps out of the imperial economic group. Mr. de Valera would like, at least temporarily, to separate politics and economics and, if he can find a way to modify his attitude, there is every chance that the Free State can be fitted into any new imperial economy that may be devised.

The remaining three dominions, Australia, New Zealand and Newfoundland, are definitely in the position of suppliants for aid. All three have been threatened with national bankruptcy as the catastrophic de-

cline of commodity prices has slashed the prices of their exported raw materials. The Hoover moratorium gave them a breathing space of which they have availed themselves. The Australian pound is 25 per cent depreciated from sterling; New Zealand is about as badly off; while Newfoundland has had to seek salvation from Canadian banks by a sort of economic receivership. Australia and New Zealand have trade agreements with Canada. In the case of these three, initiative must be more British than dominion, with due regard to special Canadian interests.

As to the rôle of India and the dependent empire at Ottawa, Great Britain will have at least an equal voice with them in settling their affairs. India's political future is as yet outside a commonwealth conference. Her high tariffs, her hoarded gold, her wheat and her market for silver and manufactured goods are questions which a dominion of India must at some time in the future discuss with Great Britain and the older dominions.

The Ottawa conference, then, faces an opportunity, but does so with the need of reconciling extraordinarily

difficult special interests. It will fail if the negotiators think only in terms of local advantage. It may utterly change the Empire and Commonwealth of Nations if some elements cooperate and others do not. In spite of all denials, there is hope for an appeal to sentiment, particularly in a world where nations are bewildered by the depression and anxious for recovery. The wholesale abrogation of existing trade agreements with countries outside the empire, which will be necessary if imperial preference is to succeed, presents another problem, but it might be converted into a widening of the British "freer-trade" group. There are possibilities, short of general mutual preference, in bilateral agreements inside the empire, like Canada's with the West Indies, Australia and New Zealand. There is no reason why the dominions might not apply the import quota principle to manufactured goods if Great Britain should undertake to apply it to wheat and flour.

Whether good economic sense will prevail over particularism or whether Ottawa will provide merely another impotent international conference is at the moment a moot question.

The Color Bar in South Africa

By EDGAR H. BROOKES

[The author of the following article was the South African delegate to the League of Nations in 1927. He is the author of *The History of Native Policy in South Africa* and *Native Education in South Africa*. At the present time he is Professor of Public Administration in the University of Pretoria.]

THE Union of South Africa, though from the point of view of population one of the smaller dominions of the British Commonwealth, is facing problems almost terrifying in their magnitude and complexity. The white population is divided largely along the lines of national origins, and the deep cleavage resulting from the Union's brief but turbulent history is mirrored in its two capitals, its two official languages and, since 1927, its two flags. Movements toward unity have been powerful, although in this respect the past decade has been one of retrogression. The nationalist sentiment of Dutch South Africa, in spite of two triumphs at the polls, does not feel sure enough of its position to be magnanimous. The nationalists, it is true, have shown more tolerance than many successful nationalist groups of post-war Europe, but the English South African, conscious of his kinship with an imperial race and of his heritage of the world's most widely used language, finds mere toleration unpleasant.

This divided group of less than 2,000,000 whites finds itself opposed to three non-white communities. Some 600,000 "colored" people—a term which in South Africa refers to persons of mixed races—form an embarrassment as acute as Ishmael once was to Isaac. They speak the white man's languages—Afrikaans or English—and they have lost all tribal or-

ganization. Socially, politically and economically there is little to differentiate them from the lower strata of white South Africa, and those able to "pass" as white are constantly crossing the color line. Yet the majority of white South Africans are afraid to break down the accepted social conventions which make color—at any rate, obvious color—a bar to social relationship. History has still to record whether the colored man will be the rear guard of the white or advance guard of the black. In the face of this situation the franchise laws indicate the complete perplexity of South African statesmen. The colored man enjoys the suffrage in two provinces out of four; but when recently the principle of women's suffrage was introduced in South Africa the right to vote was restricted to European women.

Because of South Africa's membership in the British Commonwealth of Nations, the presence within her borders of nearly 200,000 permanent Indian inhabitants—most of them born in South Africa—constitutes a problem of special perplexity. Attempts at a solution through the voluntary expatriation of the Indians have virtually broken down, while absorption, or even assimilation, seems unlikely in the face of acute religious differences added to those of race and color. To a government of a cosmopolitan turn of mind the toleration of autonomous groups within the one State would not seem an insuperable difficulty, but a young and ardent nationalism, still sensitive and still on the defensive, rebels against the destiny which has given the Union a permanent Asiatic population.

The greatest problem, however, is

that of the 5,000,000 or more "Bantu" or native Africans who live under the Union Government.* Behind them stand millions more in the British Protectorates of Basutoland, Swaziland and Bechuanaland, and in Southern and Northern Rhodesia. It is partly the fear of disparity of numbers which has led the Union to pass laws of an oppressive, and sometimes of an indefensible, character.

Nevertheless the picture has its bright side. Law and order have been preserved in inter-racial dealings. Both elements in the white population have traditions of respect for law, and no case of lynching has ever been recorded. Actual physical cruelty is rare—much more so than in parts of Africa where the statute book reads better. The administrative tradition is good, and instances of venality or abuse of position among the higher grades of civil servants who deal with natives are infrequent. Personal intercourse is often of a kindly nature. The Boer, in spite of much that has been said to the contrary, was on the whole a good master and just within the limits which he set himself. But he stood firm to his principle of "no equality," and much South African thought on the Bantu even today is limited by that phrase.

A more detailed reference to certain aspects of Union policy may make the point clearer. When the Union was formed in 1910, the Bantu, for all practical purposes, possessed the franchise in only one province, the Cape of Good Hope. There the vote was conferred on the basis of a small alternative ownership or income qualification plus the ability to sign one's name and write one's address or occupation. In Natal a very complicated franchise law, which was designed to exclude Bantu from the franchise,

conferred the vote on a half dozen natives who were able to creep through its meshes. In the remaining provinces—the Transvaal and the Orange Free State—natives were explicitly excluded from the polls.

Part of the compromise of union was a special constitutional provision safeguarding the position of Cape Bantu voters, past or future, by insisting on a two-thirds majority of the total number of members of both houses of Parliament for any law modifying their franchise rights.

When General Hertzog came into power in 1924 as Prime Minister of the Union at the head of a Nationalist-Labor coalition, he propounded forthwith a scheme for the solution of the "native problem." On the political side it aimed at abolishing the existing Cape native franchise and substituting for all four provinces a "community franchise" on separate voters' rolls. Coupled with this was a proposal—which has since been dropped—for a Union Native Council, partly elected, to serve as an auxiliary and advisory body to Parliament.

After long preliminary discussions the franchise proposals were digested into a bill in 1927, but so far they have failed to receive the necessary two-thirds majority. Although the large proportion of the voting population favors them—General Hertzog carried the election of 1929 principally on this issue—the minority has hitherto been strong enough to preserve the principle of a common roll, even if limited to one province.

Foiled in his direct attack, General Hertzog countered by introducing women's suffrage and limiting it to white women. In this way he succeeded in reducing the percentage of natives in the electoral body to 1.7. It may be that he will be satisfied with this victory and will not attempt to push through his franchise bill. In the meantime it remains in abeyance, a possible election cry for later use and a means of dividing the South African party, which has been in op-

*"Bantu" is plural in form, and the term "Bantus" should not be used. Originally coined as a linguistic description, it is coming to be used more and more widely to indicate the black-skinned, but not Negro, population of Southeastern Africa.

position for the past eight years but which is by no means homogeneous in its views on native policy.

No effective means of participating in the National Government, except by the franchise, has been discovered. General Smuts in his native affairs act of 1920 provided for a Native Affairs Commission, an extension of the system of local councils and the summoning of native conferences. The Native Affairs Commission has become a convenient refuge for patronage and is of no importance today. The council system has been timidly and cautiously extended, but so far its only really successful field lies in the Transkei Territories of the Province of the Cape of Good Hope, where it was initiated as far back as 1895. The first of what the government undertook to make a series of annual conferences took place in 1924, but the promise to summon these conferences each year has been broken and they met only in 1925, 1926, 1927 and 1930.

A grievance of the Bantu is that men of color are deliberately barred from membership in both houses of Parliament. The latest rumor about General Hertzog's proposals is that he intends to buy native support for the exclusion from the House of Assembly by permitting Bantu members to sit in the Senate. But Bantu Senators would be a revolutionary step in South African public and social life.

Another element of native policy relates to the question of land. With a flourish of trumpets, the first Union Ministry succeeded in carrying through Parliament in 1913 what was known as the natives' land act. It was introduced with many plausible and eloquent promises of justice to the native; at the same time it embodied the ideal, so dear to many South Africans, of "segregation." Purporting to be a temporary measure, it prohibited natives from acquiring land outside certain "scheduled native areas"—actually the reserves and locations allotted to them in the various provinces—ex-

cept with the Governor General's special permission. This restriction was to hold good pending the report of a special commission to be appointed under the act. In 1916 the commission duly reported, and a bill was introduced the following year, although nothing came of it. In 1927 General Hertzog introduced a land bill which gave the natives no land but merely withdrew the restriction on purchase within 7,000 square miles of so-called "release areas." Even this step has not been approved, and thus in 1932 the promise which formed an essential part of the contract of 1913 remains unfulfilled.

The act of 1913 also severely restricted "squattling," which in South Africa means the leasing of land by natives on a cash basis or on the basis of handing over to the landlord a share of the crops. This act aimed at turning all natives living on farms—and the reserves are so small that many hundreds of thousands of natives must live on farms—into "labor tenants" or ordinary laborers. A "labor tenant" must pay for the privilege of living on his landlord's farm by personally rendering three months' labor. A further act, in 1926, applied the masters and servants laws to labor tenants, making them, for disciplinary purposes, laborers.

In 1927 General Hertzog proposed to bring what was left of the squatting system to an end by imposing an annual poll tax of £3 on each squatter. He proposed to pay this tax, with other revenues, into a native land purchase and development account and to maintain, as a safeguard, the right of squatting in the 7,000 square miles of "released areas." But only this year, 1932, has he allowed Oswald Pirow, his Minister of Justice, to introduce as a private member—but with full government support—a native service contract bill. By the terms of this bill the squatters' tax is raised to £5 and is paid into general revenue. The safeguard of squatting in the "released areas" is omitted. The labor tenant

must work six months of every year, and the six months may be spread over the year. In practice, his family may also be forced to work without cash payment. Finally, in the case of juveniles, the Magistrate's Court may order whipping for breaches of the masters and servants act.

During the second-reading debate on this bill, J. H. Hofmeyr, a prominent member of the Opposition, pointed out that the provisions were in direct conflict with the Geneva international convention on forced labor. Mr. Pirow did not deny this, but ridiculed the competence of "solemn old gentlemen sitting at Geneva" to make rules applicable to South African conditions. In the meantime, General Hertzog's own bill, with its much less onerous provisions, is still before a select committee of Parliament.


The recent tendency in South Africa has been to place one restriction after another on the Bantu. In 1926, coercing the Senate by the constitutional device of the joint sitting, General Hertzog carried through Parliament a mines and works act, commonly known as the "color bar act," which gave the government power to proclaim a color bar in any industry. But it should be noted that provisions for a statutory color bar had been condemned eight times in twenty-four years by commissions of inquiry sitting in South Africa.

In 1927 a native administration act provided, in addition to other things, that the government should have power, without assigning any cause, to move a native from one place to

another. Three years later the riotous assemblies amendment act, introduced by Mr. Pirow, gave the Minister power, in certain circumstances, to deport from the country persons who, in his opinion, created ill-feeling between the natives and other sections of the community. Deportation has not yet been employed, but the other sections of the act have been used exclusively against Negrophile—not against Negrophobe—speakers and writers.

Late in 1931 a draft proclamation to amend the native code provided that the government should have power, upon the issuance of a special proclamation to that effect, to imprison any native for three months without trial. Appeal to the courts was definitely excluded. Fortunately, protests have been numerous, and to others has been added that of Sir James Rose-Innes, former Chief Justice of the Union. At the time of writing—March, 1932—this proclamation therefore has not been finally promulgated.

This statement of facts, which can be substantiated in every particular, shows how far South Africa must go to reach a solution whereby white and black can live together in peace in their common land. The attitude of Parliament is not representative of every section of the community; a large and increasing liberal minority is pleading the cause of cooperation and conciliation. Nevertheless, the situation is fraught with danger, not merely to the Union itself but also to the Africa that lies beyond its confines.



Fascist Education in Italy

By C. H. ABAD

NOT the least significant of the many changes brought about by the Fascist régime in Italy have been those affecting the schools. Although the underlying ideas of the recent educational reforms antedated Fascism, the Fascists feel justified, and rightly, in asserting that their work among the children in the nation's schools is the most "Fascist" of all their achievements.

The basis of Fascist educational reform was the belief that idealism has an important influence on the development of personality. In actual practice this means the inculcation in every student of a feeling of national consciousness or patriotism, and consequently, "textbooks in history, geography, economics and law and elementary school readers must be in accordance with the historical, political, juridical and economic requirements established since Oct. 28, 1922"—the date of the March on Rome. When the existing textbooks were examined and it was found that none fulfilled these conditions, uniform State textbooks were proposed to bring about "the spiritual formation of the new Italian—educating adolescents in the new atmosphere created by Fascism, teaching them the duties of the Fascist citizen and the past achievements of Italy in history, in letters, in science and in art and those she may hope for in the near future, in which we all hope to play our parts."

A single textbook comprises for every elementary grade all the information that the pupil is to assimilate during the year in spelling, arithmetic, history, geography and religion. A rapid survey of the contents of these

books will indicate their nature. The first and dominant idea is the greatness of Italy: "The Italian land is blessed by God." "Italy," says the father to his boy, in one story, "is great, strong, powerful and feared, and you, my boy—" but he is interrupted by the child: "I am an Italian, how fortunate!" Italy is not only an exceedingly beautiful country, more so than all others, but the other nations are possessed by jealousy; they simultaneously fear and threaten her. In a geography lesson the pupil is told: "In the same sense in which the walls of a house defend it against tempest and bandits, the Alps are the walls of Italy." The thought of aggression—and scorn for it—is introduced while the child still reads by syllables: "The mountaineer of the Alps loves his mountains and fears no one." And later: "The flag passes. * * * Let us salute in the Roman fashion and say: 'We are children and we love you; when we are grown up we shall defend you and make you respected by everybody. Long live Italy!'"

The first reading lesson of the second-year textbook—when the children are in their seventh year—expresses the idea more specifically. In conversation between a father and the child, the latter says: "Tell me, daddy, did you know the soldiers who died in the war, whose names are inscribed on the monument?" "Certainly," the father replies, and goes on to relate from where they came and what he knew about their lives. When the boy asks, "And who killed them?" he receives the answer, "Our enemies, the Austrians and the Germans." The text continues: "The idea that he [the

boy] one day will be a soldier, will fight and vanquish the enemies of his country, inspires him during the entire evening."

To become a soldier, these books teach, is the vocation of every Italian. "There are three cases in which to kill is not a sin: in the case of necessary defense against an unjust attack, in case of war proclaimed by the legitimate authorities and in case of capital punishment, also sanctioned by the legitimate authorities."*

However, "a Fascist must arm not only his hands but also his mind." "A book and a rifle, a perfect Fascist," Mussolini has said. Apparently, however, the rifle is more important; on the last page of the second-year textbook there is a drawing of a little Fascist, holding a pen greater than himself. On the wall his shadow projects the enlarged image of a Fascist soldier holding a rifle.

A controversy between a boy and his sister, which is described in the second-year textbook, is thus settled by the grandfather: "And you, master general, must know that if the little girls did not love their dolls so dearly you would not have so many soldiers for war." "Ah," retorts the boy, "this is splendid; why?" And the answer: "Because the soldiers are the sons of the little girls." To have as many children as possible, then, is the vocation of Italian women. The textbook tells us the story of two peasants who die unhappily because they did not want children. Below we read the benediction, "God bless you and give you male children!"

For the soldier the first principle is obedience. The text relates: "When the wise man was asked, 'What is the highest virtue of a child?' he answered, 'Obedience.' 'And the second?' 'Obedience.' 'And the third?' 'Obedience.'" Obedience to the authorities

first of all: "Every authority comes from God; who resists authority resists God." Therefore "the fourth commandment, together with the names of father and mother, also includes the heads of religious, civil and political society, whose authority comes from God." In the Fascist youth organization the children are told that "the Duce is always right." The first continuous sentence they read contains applause for him: "Let us salute the flag in the Roman fashion; hail to Italy; hail to Mussolini!" The veneration for the head of the government assumes the form of a religious cult. In the textbook for the third year there is a description of the visit to the birthplace of Mussolini—" * * * but to us those steps seem those of a church and with true religion * * * we penetrate into the room where he was born; when we leave the house we seem to have grown better."

The activities of the Fascist Government are likewise exalted. Lessons in arithmetic explain Fascist achievements in producing wheat, electrifying the railroads and so on. The concept of property is defended: "Every man has some possession and every one has the right to possess in peace the much or little that is his and which is perhaps the fruit of long and prudent savings or the compensation for holy labor or, anyway, a dear inheritance from his fathers."

Since Fascism is the perfect expression of everything that is good and desirable, the supreme ambition of every Italian child, according to the textbooks, is to enter the Fascist youth organizations, to become a *Balilla* or a *Piccola Italiana* (a member of the organization for the little Italian girls). The school books relate how the child begs his grandfather to let him become a *Balilla* before he reaches the required age, an ambition which greatly pleases the old man. The first reading lesson of the 6-year-old deals with the same subject: "It is evening. The father reads the pa-

*Quotation from the fourth grade textbook. All quotations have been taken from one or the other of the State textbooks for the four elementary grades.

per. Gustaf looks at the drawings of a book. Julia writes. * * * The mother sews. The needle passes rapidly through the cloth; the good mother is in a hurry; she wishes to finish the beautiful dress to give it to her Julia. It is the uniform of the *Piccola Italiana* * * * and Julia, while the mother sews, writes [in large letters] 'the Duce guides the Italian people. God protect the Duce!' And again: "All Italian children are little *Balilla*." * * * All the children of Italy are little Fascists; they love the King, they love the Duce, they have learned the songs of the country and repeat them gayly." Not only do the good children all aspire to become *Balilla*, but in the textbooks all the families give proof of perfect Fascist sentiments. For them, as for the children, Fascism is the supreme expression of the Italian nation and Mussolini is always right.

Next to obedience, discipline and courage are the most desirable characteristics of the Italian child. Any individualism, which may take the form of criticism, is reprehensible, and never is a child required to make any decision according to his conscience. Love for, and interest in, nature are in no way stimulated, nor is there any emphasis on kind or charitable sentiments. In the religious portion of the textbooks, which was written by a member of the Church, the Catholic religion is expounded, but this section can hardly outweigh the influence of the secular parts. For four years, between the ages of 6 and 10, the reading and thought of the Italian child centre around problems of war—legends of the World War and its heroes, and the stories of Fascist martyrs.

School life accentuates the lessons of the textbooks. The elementary school must emphasize the spiritual unity of the nation, and teachers are supposed to arouse and strengthen national consciousness in the children. A French Fellow of the Rockefeller Foundation who spent two years in

Italy studying the reform of the educational system tells of frequent complaints by the teachers that so much time is occupied with fêtes and parades that completion of the annual curriculum is difficult.* An event of particular importance is the dedication of the portrait of the Duce, but his is not the only image Italian children worship. There are the members of his family, particularly the little Mussolini boys, Italian Generals, and above all, the dead soldiers of the World War. Many classes choose a soldier whom they worship. They write to his family for his portrait and, not infrequently, it is hung on the wall under an ever-burning light. Fascist inscriptions decorate the classroom. In some schools there is once a week an elaborate ceremony of saluting the flag.

The patriotism kindled in the children finds expression in their diaries. The following is a summary of such a diary: Oct. 11—Homage to the unknown soldier; Oct. 12—The battle of wheat; * * * the teacher explains Mussolini's efforts, by means of prizes and competitions, to induce Italy to produce sufficient wheat for national needs; Oct. 14—Visit to the wheat exhibition, after which the children write their impressions; Oct. 21—Commemoration of Crispi; Oct. 27—The day before the anniversary of the March on Rome, about which the teacher tells the pupils; Nov. 2—All Souls' Day, consecrated chiefly to those who died during the war; Nov. 4—Anniversary of the victory; Nov. 11—Birthday of the King.

The greatness of Italy, the future of the nation, which is to be won by arms, and the achievements of the Fascist Government are the ideas dominating the life of the school. Since these ideas, ambitions and principles find their purest expression among the members of the youth or-

*Helène Tuzet, *L'Education du peuple italien*. Correspondence de l'Union pour la Vérité, Paris, 1929.

ganization *Balilla*, the proposal to absorb the school into that organization is not strange. It represents merely another step in the direction of complete control from the Fascist point of view and for Fascist aims.

The National *Balilla* organization was founded early in the history of Fascism; in 1926, it was placed under the supervision of the head of the government and under the control of the Ministry of Education. Royal decrees in January and April, 1928, gave it a privileged position by ordering the dissolution of all other juvenile associations, an act which brought vigorous but vain protest from the Vatican. Although enrolment in the Fascist youth organization is not compulsory, it must be recalled that the elementary school textbooks tell the child that "all Italian boys are *Balilla*." Those who, because of the objection of their families or for other reasons, do not enter the organization, are constantly made to feel ashamed. Teachers are obliged to enroll as many students as possible and may attempt to influence the attitude of parents. Every *Balilla* application, which is handed to the children for signature by their father, contains an accompanying note: "In case the father does not intend to give the authorization demanded, he must state his reasons in writing; it is understood that poverty is no adequate excuse, because enrolment is free for the poor and even the uniform may be given free of charge by the organization."

In 1928, 1,236,000 children were enrolled in the Fascist youth organization. Today that number has doubled so that approximately half the Italian school children are either *Balilla* or *Piccole Italiane*. The other half go to school in agricultural districts where the population is too sparse to make an organization possible or attend religious schools. Members of the *Balilla* and *Piccole Italiane* are between 8 and 14 years of age; they automatically

graduate into higher societies and become *Avanguardisti* or *Giovane Italiane*, respectively. At 18 the boys pass into the *Giovani Fascisti*, as a stepping stone to their entry into the Fascist party at the age of 21. The *Giovani Fascisti* include the Fascist university students.

In imitation of the ancient Roman army, the boys are grouped into legions. The commanders of the *Balilla* are mostly school teachers who belong to the militia, while the commanders of the *Avanguardisti* are militia officers. Since the organization is entrusted with the physical education of the Italian youth, it provides for all forms of sports. An important part of the work of these associations centres around Fascist propaganda, carried out by means of lectures, trips and so on; cultural interests are furthered by the creation of libraries. Militaristic aims, however, are dominant. Acts of bravery, examples of strength of character and of firmness of will are the titles of merit in the ranks of the *Balilla*.

Even the education of women is influenced by this warlike spirit. On the occasion of the athletic competition in Rome in 1928, the instructions for the *Giovane Italiane*—that is, girls from 14 to 18 years—were that "on arriving at the capital, each shall carry a rifle; among the competitions the most important is to be shooting." Anticipating the objection of the Church, the Secretary of the Fascist party wrote: "It may be that some will protest or murmur; by way of reply the *Giovane Italiane* will raise their rifles to the sky of Italy."

Military instruction is continued with the other activities of these children's societies. The section on air defense of the youth organization alone—according to their figures—is training 10,000 Italian boys; the *Avanguardisti* are definitely trained for military life. This includes instruction in the handling of machine guns.

This war spirit is not without a purpose, shifting according to the demands of the moment. Some ideas, however, remain unalterable. Reference has been made to the passage in the elementary school book which describes the Germans and Austrians as enemies. "Do not forget that Dalmatia is Italian and that, nevertheless, it belongs to Yugoslavia," reads the student's card of identification for the University of Turin. For the spirit of militarism, hatred and aggressiveness is carried from secondary into higher education. The same is true of the exaltation of Fascism, its concepts and policies.

For a long time, the universities were strongholds of liberal thought. This opposition of the intellectuals was long a thorn in the side of the Fascist authorities, who, by stages, attempted to tighten their grip on the professors. A decree of January, 1927, provided that schools, colleges and universities may be abolished by the Italian Government if their teachings showed disrespect for the institutions and principles of the present régime. Applicants for new or vacant professorships or teaching positions are considered only if they have "the necessary moral and political prerequisites." A later measure empowered the government to dismiss any professor who, "by engaging in manifestations, in or outside office, puts himself into a position of incompatibility with the general political tendencies of the government."

Because of frequent protests from abroad against the suppression of academic freedom in Italy, the Fascists for a long time did not dare to give the final blow to the universities. At the opening of the academic year, 1931-32, however, they at last required from every professor an oath of allegiance to the present régime. As a result many leading European intellectuals protested to the International Institute of Intellectual Cooperation of the League of Nations and a group of professors at Harvard Uni-

versity issued an independent statement opposing the oath. In Italy, some of the most prominent professors refused to bow down to the régime, but the majority submitted, although in the past they often had expressed anti-Fascist sentiments.

The attitude of the Church on this matter is particularly interesting. As might have been expected, the Church is fundamentally opposed to the Fascist conception of the State as the highest authority and on various occasions the controversy between the Italian Government and the Holy See on the education of the Italian youth has become an open struggle. Since the Pope had urged all Catholics to take the Fascist oath only with reservations, a number of Catholic professors applied to the Vatican for instructions with regard to the new requirement. But the official reply completely accepted the new oath.

With the Vatican at present supporting Fascist policies, Fascism is supreme in Italy and its educational program is without open opposition. The military education of the youth will undoubtedly build up a generation of physically well-developed Italians, imbued with the spirit of discipline. On the other hand, they will be a people whose supreme ambition is war, not only because their education has led them to believe that it is one of the highest forms of self-expression, but also because they regard this as the only way of acquiring new territory for their increasing population. A nation whose educational spirit is permeated with distrust and hatred for other nations constitutes a danger to Europe. It matters little against what particular country that spirit is directed at any particular time, for the point of focus may easily be shifted. What is important is that it will prove extremely difficult, if not impossible, to eradicate or even to modify the militaristic outlook on life of Italian youth, and, unless that attitude is changed, it may be seed for future European wars.

The Wisconsin Experimental College

By SIDNEY HERTZBERG

[Mr. Hertzberg, who is now on the staff of *The New York Times*, was a member of the first class in the Experimental College described in the following article.]

IN the Fall of 1927 eleven somewhat apprehensive teachers and 119 highly expectant students gathered in the men's dormitory of the University of Wisconsin as the executors of a faculty mandate "to formulate and to test under experimental conditions suggestions for the improvement of methods of teaching, the content of study and the determining conditions of undergraduate liberal education."

The organization of a college for such a purpose, with its extraordinary freedom of action and its implications of self-criticism, was in itself a landmark in American liberal education. Two other factors added to its importance—first, its establishment in the University of Wisconsin, a major institution in size and standing, supported solely by public funds; second, the chairmanship of Alexander Meiklejohn, former president of Amherst College.

The fortunate combination of circumstances which made the venture a reality can perhaps account for its unconventionality. At Wisconsin, in accordance with the general trend, student enrolment had been increasing rapidly and the university had been thinking about the problems this development brought with it. What adjustments were advisable in the curriculum? What was becoming of student-teacher relationships, of the students' social life? At the same time Mr. Meiklejohn, who had ideas

about these problems, was at work with a group in New York trying to organize a new project in liberal education. The moving spirit of this committee was Glenn Frank, editor of the *Century Magazine*, in the pages of which Mr. Meiklejohn had first set down some fairly specific ideas of what higher education might be.

These plans for a new college collapsed when Mr. Frank accepted the presidency of the University of Wisconsin in the Spring of 1925 and persuaded Mr. Meiklejohn to take a professorship of philosophy. The wedding of the East and the Middle West soon produced results. A study commission was appointed and it turned its attention to the first two years of the College of Letters and Science. The new college which was planned in the East was given life in Wisconsin as the Experimental College—a sort of social laboratory within the structure of the university.

No summary of this undertaking could be entirely satisfactory. Mr. Meiklejohn's engrossing report on the college's work hints at the richness and excitement which this adventure had for teachers and students. (*The Experimental College*, New York: Harper & Brothers.) All that can be done here is to outline as many activities as possible which show how the college attacked its problem.

The first duty which faced the "advisers" (the title adopted by the faculty as a substitute for all other academic nomenclature) was—in simple language—to give the students something to do. Before any experimenting could be begun, necessary preliminary arrangements had to be

decided upon. The most important of these was the building up of a workable curriculum. This task involved a sequence of ideas which must be described before the actual workings of the college can be given.

The ideal of liberal education which the Experimental College pursued was that of preparing the student for intelligent living. The college tried to instil in the student understanding and discrimination in his human relationships. This aim was by no means an empty gesture in the general direction of Olympus. It would be impossible to appreciate fully what has been done in the college unless it is remembered that, to the advisers, this notion was something that could be incorporated in an educational system which needed it badly. "So true is this," Mr. Meiklejohn wrote, "that to many of us it seems that upon the achievements of liberal teaching more than upon any other agency in our social scheme depends the welfare of that scheme, the possibility of saving it from disaster, the hope of making it a fitting expression of the human spirit."

What, then, did this mean in terms of a curriculum? The advisers agreed that it should be "integrated" and that integration could best be obtained by the study of two contrasting civilizations. It was felt that when human knowledge and activity were studied as separate subjects, understanding of the human situation as a whole, if it came at all, would be purely accidental. The question presented itself to the advisers as a choice between "integration" and "information." If understanding is to be gained, the student must generalize and attempt to grasp particular fields of study as a whole. But, it was argued, if he has no adequate factual basis in a particular situation, how can he interpret it successfully? Can he "integrate" the facts before he really knows them?

The advisers felt that information

was important, but for the college undergraduate only secondary to the creation of a "scheme of reference" within which every study would find its proper place. The student needs "not so much information, as an active response to the information which he already has." Once that response is aroused, he will automatically seek the further information which he admittedly needs. "We must set the students to work at a task in relation to which information is the material to be used. If they will attempt to build up a 'scheme of reference' then for them every new fact will take on significance, every new situation becomes an object of active inquiry." The advisers do not pretend to more than a makeshift articulation of this scheme. It is a task which involves all the essential problems with which men deal. No formulation of it could ever be final.

With these fundamental ideas in mind, one is equipped to understand the actual activities of the student. In his first year he is reading about and discussing Athenian civilization at the time of Pericles. This era was chosen mainly because its literature, original and contemporary, was best suited to the needs of the college. In his second year, the student is studying contemporary America. The hope is that he will be contrasting the two civilizations and using the intelligence and understanding thus acquired in the solution of the problems of his own world.

The interpretation of this vital activity provided one of the college's clearest lessons. Originally it was thought that the goal of intelligent living would be achieved as the last of four processes, of which the first three were (1) the learning of the Athens of Pericles; (2) the learning of nineteenth century America; (3) the contrasting of the two. The advisers soon found that these activities were not separate. From the beginning of the first year the student must

be carrying on and perfecting the last process.

For the course of study this meant a shift in emphasis. Instead of putting the two civilizations on the dissecting table and seeing what made them go—as the project was described to its first class—the student, continuing the figure, was to concentrate on psychoanalysis. Inasmuch as the subject of the first year was a corpse, albeit not unmourned, the chief value the student found in it was the light it threw on the live and challenging subject of the second year. As a sophomore, the student is no longer a student of “civilization,” but of the specific human situations in the world around him. Already he is beginning to assume the responsibilities of intelligent living.

What was it then that the advisers gave the students to do? The outline following is from the comparatively refined course of study developed in the fourth year of the college. The first week of work might be called (although the advisers assuredly did not call it so) an introduction to the Greek spirit. The funeral speech of Pericles was to be read and a paper written analyzing it. Other reading included three of the Socratic dialogues and a play from each of the three great writers of Greek tragedy—Aeschylus, Sophocles and Euripides.

Then followed a phase-by-phase study of the entire civilization. Athenian imperialism was taken up and attention was given to its moral implications. A long period followed devoted to economic, political and social relations. They were studied in terms of the creation of wealth, the conflicts of wealth, the function and structure of government. The correlation of these studies was accomplished in a thorough consideration of Plato's *Republic* as a political utopia. Then came periods devoted to the study of art, literature, religion and

science. Somewhere in the midst of this work a week was taken off for the discussion of the following propositions:

“So far we have been making a phase-by-phase study of the various activities of Athens. But there is an important question, as yet only suggested, which should be squarely faced before the end of the year: To what extent were these different activities interrelated in the experience of the individual and of the community as a whole? We must try to find out what sort of values the Athenians prized most, and how they sought to realize them. In other words, what is the total picture of their community life, and how far did they succeed in creating what may be called a great civilization?”

It is apparent from this assignment that the advisers were determined that the basic purposes described above be before the students constantly. The freshman studies closed with five weeks devoted to philosophy and a month spent in the writing of a paper on some special phase of Greek life.

At the end of the first year, the students were informed of one of their main tasks as sophomores—the preparation of a “regional survey.” Each student chose a modern American community for special study. After an examination of its geography and population and the influence of these two factors on its destiny he was permitted to pursue the survey in one of two ways—either as a general description of all the activities in the region or as a detailed study of some special aspect for which the community was noted or in which the student was particularly interested. Work on this survey ran concurrently with other studies during the first half of the sophomore year.

The first assignment after the Summer recess brought the student face to face with the machine age as the

vital difference between the two civilizations he was studying. He was required to read *The Education of Henry Adams*, a book which acted as a sort of integrating vehicle for the studies of the second year. He then plunged into a study of science which included laboratory work in physics. Obviously the intent during these six weeks was not the acquisition of scientific information to be remembered. It was rather the understanding of the method and significance of science in the modern world.

The next assignment comprised readings in travel, settlement and the contact of cultures, with a paper on the following topic: "Describe the expansion into your home region of the culture of Western Christendom. Why did it come to that region? Through what individuals or groups was it brought? How was it affected by the natural surroundings and resources of the region? Has a new indigenous culture developed? Or is the culture of your region—technological, religious, agricultural, literary or whatever other aspects it may possess—an incident of a larger national or world society? Explain and discuss these questions in concrete terms."

A six weeks' study of politics and economics culminated in the writing of a paper as follows: "You have just been elected President of the United States or Governor of your State. Prepare your inaugural address, dealing with the current industrial depression. This will require, of course, some discussion of your general outlook upon social questions and social institutions, your view concerning the immediate situation, any proposals for dealing with this situation which you think desirable, with some account of their relationship to the existing political and economic system, and some argument designed to carry a sufficient body of popular sentiment with you for securing legislative support of your measures."

The next three weeks were occupied with a study of three appraisals of American society as contained in the memoirs of Americans of "unusual experience, sensitivity or achievement," such as Franklin, Emerson, Thoreau, Carnegie, Jane Addams and William James. Then followed a month devoted to American literature. During this time the class was divided into groups working on special literary projects involving critical and creative writing. Another month was given over to the preparation of a critical essay on *The Education of Henry Adams*. The concluding period of study is described in Mr. Meiklejohn's memorandum to the students:

"We may conceive the work of the past two years as a study of the attempts of two widely different groups of people to conduct an ordered and successful social life. Their arrangements for producing goods and sharing in their consumption, their modes of government, their social institutions, art, and science, have all been the subjects of our investigation. The study of fifth century Athens soon revealed the presence in society of men who criticized existing arrangements and deplored their effects upon the welfare of the group. The most important of these critics of society was Plato, whose reflections upon man and society resulted in a view of human nature which has influenced thought about these matters ever since. Likewise, as we have found, modern industrial America has its critics; and the literature devoted to the criticism of existing institutions is increasing in volume. Many of the views expressed, however, leave unexamined the view of human nature, intelligence, its nature and function, which serves as their basis. It will be our purpose during the remaining weeks of the year to make as careful and critical a study as possible of one view with respect to these mat-

ters that has had wide acceptance during the last twenty years. The book that will be used in this study is John Dewey's *Human Nature and Conduct*."

In the assaying of teaching methods and living conditions the Experimental College found a simpler task. The advisers felt that no student that needed forced or artificial methods to make him study could be depended upon to direct his own affairs intelligently. Therefore the pursuit of his studies was placed in the hands of the student. Periodically he was given his assignments of work. They included a list of required and suggested reading matter and the subject of the paper, if one was to be written. In addition, there was usually a schedule of talks on the subject matter at which attendance was not taken.

The basis of the teaching scheme was the personal conference between student and adviser. At least once a week these two would meet to talk over the student's progress. These conferences were not unlikely to end in discussions of life or the latest moving picture. Informal and unscheduled conferences were frequent. In this way the advisers criticised and guided the work of the students. The development of a third form of meeting in which each adviser led about a dozen students in weekly discussions was not completed satisfactorily. The class talks and personal conference, however, proved to be effective aids to the student.

One of the "preliminary hypotheses" of the advisers was that all students were to live together in the dormitories. A few of the advisers lived in the dormitories too and the rest had offices there. Thus was created a "community of learning" in the physical as well as the intellectual sense. But it was a community of learning free of classrooms, classes, "quiz sections," examinations, text books, lecture note-books, professorial

ponderosity and the rest of the paraphernalia of modern education. Instead, there were rooms where students lived, a refectory where they ate, books which they read, dens where they came together, advisers with whom they conferred and discussions of their common intellectual enterprise which they carried on endlessly.

Inasmuch as the student body of the college was a representative one, the social and intellectual cleavages which arose were also typical. There was the division between fraternity and non-fraternity men. This difference persisted throughout the life of the college although at the end the fraternity men were only a handful. On the other hand, the separation between "radicals" and "conservatives" and between Jews and Gentiles was narrowed considerably. In the pursuit of their common aim the students seemed to have lost the foundations of their prejudices.

Being part of the university, the students of the college were permitted to participate in all its extra-curricular activities. This they did with gusto and success, although a few took undue advantage of the freedom which the college afforded. But more important were the extra-curricular activities peculiar to the college—plays, forums, painting, modelling, specialized discussion groups. These activities were not fostered. They arose when the students felt them to be of value and lapsed when they were no longer so regarded. They were always indigenous to the college.

It is as natural for observers to ask about the "results" of the Experimental College as it is for the advisers to shy at that word. In view of the magnitude of the task assigned them, they feel that little of their work can be called conclusive. Consequently the advisers are most concerned that the inquiry be kept up. To this end they have recommended that the Experi-

mental College be continued and that four additional units be established, one of them to study the problems of the junior and senior years. These recommendations are now being considered. The one result which Mr. Meiklejohn will concede is that a possible course of study has been formulated and is ready for consideration.

However, an incidental suggestion regarding the organization of liberal arts colleges has risen out of the experience of the Experimental College. Wherever such colleges have grown to intellectually unmanageable proportions Mr. Meiklejohn would break them up into groups of about 200 students. Each group would have its own faculty and would pursue its studies in its own way. Under such an arrangement it is hoped that the student would recapture the sense of "belonging" to a group in which the comradely amenities of college life would flourish. Such a break-up, it is felt, would also be of value to the teachers because of the closer intellectual contact it would bring about among them.

In contrast with the educational crazy-quilt in the United States today the Experimental College is like a blanket of a solid color. While almost every institution has been touching up its system here and there, Wisconsin has boldly set about constructing one that is entirely new. Some educators are attracted by individual features of the Experimental College and would like to see a compromise between it and the present practices. To this writer it appears that such a point of view does not take account of the essential unity of the college. One must, it would seem, either accept or reject its precepts.

Certainly there are other ways of putting them into practice, ways that should be tried. But it is inconsistent to admit that the principle of integration is primary and at the same time say that a few lecture courses in mathematics or zoology would be of value. To many people who see eye to eye with Mr. Meiklejohn on the purposes of liberal education, the Experimental College represents an unanswered challenge to American education. At any rate, it seems clear that change in liberal education is pointless unless it has a direct relationship to some such dominating purpose as guided the Experimental College.

The question will be raised, how a radical experiment of this kind fared in a State university sensitive to the vagaries of politicians and the whims of public opinion. Officially there can be no complaint. But the real answer may be found in an introduction to a university bulletin describing the Experimental College in which President Glenn Frank wrote that if he had a son of college age he would send him to it. This was no accidental compliment. It was made advisable by the fact that insidious rumors concerning the college had been so effective in Wisconsin that there was difficulty in filling its quota of students. Students from outside the State far outnumbered Wisconsin residents. While it is to Wisconsin's credit that a project like the Experimental College should have been conducted under its auspices, it must also be said that the intolerant atmosphere in which the college was forced to work and which burdened it with unnecessary difficulties, did no credit to the fine spirit in which it was conceived and brought into existence.

The Mikado: Japan's Ruler By Divine Right

By P. W. WILSON

AN interested world, uncertain of the future, is watching the development, the expansion and the domestic difficulties of Japan. The tragedy of Shanghai, the absorption of Manchuria, the rumblings of collision between Japan and Russia, the attitude of Japan toward the United States and the Philippines, the alleged entente between Japan and France, the place of Japan in the League of Nations and the struggle within Japan between reactionary and progressive forces are matters which, taken as a whole, offer a wide field for speculation.

At the centre of the scene there stands, lonely, remote and erect, a young man who was born in 1901. Clad in close-fitting uniform, he is slightly built; his face is smooth save for a slight mustache, while spectacles suggest the scholar. His features, especially the eyes, invite sympathy, but his emotions are under the perpetual control which is characteristic of his race. Such is the outward appearance of the Emperor Hirohito.

It was amid quaint and ancient ritual that, in 1926, Hirohito, after serving as regent for his invalid father, himself ascended the throne. Seldom breaking silence, he is still the inscrutable. It is true that at his accession he raised a resonant voice and proclaimed a rescript that contained these proud words: "Our heavenly and imperial ancestors, in accordance with the heavenly truths, created an empire based on foundations immutable for all ages, and left behind them

a throne destined for all eternity to be occupied by their lineal descendants." But as an All Highest, he does not rattle the saber; he only holds it in reserve. What the world wants to know is the actuality behind the forms and the phrases. What are the powers wielded by the Emperor? What is the inner working of his mind?

When the Western World first caught a glimpse of the Japanese Monarchy, the instant sensation was amusement. Over the Anglo-Saxon attitudes adopted at the Court of King Arthur, Mark Twain's Yankee had enjoyed his laugh, and so was it with the intricate etiquette of the Japanese court. Here, as ceremonial, was what connoisseurs of painting admire in a "primitive." Picturesque to the eye as the illumination of a monk's manuscript and as little understood by the mind as the Japanese language itself, the quaint customs offered a field for kindly, if condescending, caricature, and it was the Mikado who provided Gilbert and Sullivan with a theme for their most famous operetta. These witty collaborators intended no offense. But it was taking a chance to compose the lines:

From every kind of man
Obedience I expect.

I am the Emperor of Japan,

and the spirits of a thousand ancestors made it their "object all sublime * * * to let the punishment fit the crime." Out of respect for susceptibilities in Tokyo, the Lord Chamberlain in London put a ban on the musi-

cal comedy. Happily for the joy of mankind, the ban was soon lifted and Pooh-Bah was released on parole. But the warning was unmistakable. Henceforth, the Japanese throne was to be treated with the respect due to any other sovereignty.

Of the past, with its elaborate ceremonies, Hirohito is constantly reminded by frequent pilgrimages to the shrines of previous Emperors. Every detail of a complicated etiquette has a meaning. It emphasizes the fact that the Emperor rules by divine right. So absolute is his sovereignty, sacred and secular, that there is no superior functionary in either field to place a crown on his head. His "coronation" is thus merely an assumption of a dignity already his own. The Emperor appears already covered by a close-fitting cap of gold or copper, with a curiously uplifted horn at the back. This horn used to sustain a queue of hair, but its significance is now symbolic. Nobles wear it horizontal. Guards have it rolled up. Only the Emperor may appear with it erect, and with head so covered he takes his seat upon a throne which is itself a triumph of the Japanese art that achieves a splendid result in simplest terms. The Emperor's scepter needs no glitter. In his celestial hands a plain wooden baton is sufficient to enforce authority.

The ultimate emblems of sovereignty are three and each is preserved in its own temple. The sword suggests conquest. The jewel or necklace, being crystal, indicates purity of government. Most mystic of all is the mirror, reflecting through the ages untold the ancestral spirits who brood over Japan's unfulfilled destinies. In processions, the three emblems are borne in the Kashikodokoro, a shrine more revered even than the Emperor's own state coach, made after the model of such royal vehicles in Europe—à la Louis XVI—with a phoenix rising above the roof. The Kashikodokoro is borne by youths clad in pink gar-

ments, with leggings of grass and straw shoes. The boys are from the village of Yase, selected by soothsayers, who used tortoise shell as a means of divination. Subjected to the sun's heat, the shell cracks and there are rules for reading the somewhat subtle cryptogram thus initiated.

It is this mysticism that is associated with an uncompromising modernity. From earliest babyhood, Hirohito was surrounded by Western influences. His classroom in the palace was equipped as a kindergarten and it had its blackboard over which two Japanese ladies presided. Later, the boy attended the school of peers and afterward his education was by tutors. It was broad in its scope and as exacting in its discipline as, let us say, the Prince Consort's upbringing of the future King Edward VII. The Emperor speaks French, German and English. At formal audiences he is assisted by an interpreter, but this arrangement merely means that it would not be etiquette for him on such occasions to be liable to a slip of the tongue in a foreign language.

In the arrangement of his day, Hirohito has passed definitely into the Western vogue. He is a prompt and well-disciplined man of business. He rises early, eats what would be entirely normal as an American breakfast and then devotes the morning to occupations which, in a monarch, are unusual. The routine of the royal office is postponed till later in the day. The earlier hours, when the mind is at its best, are reserved for study. The newspapers are read, not in clippings selected by secretaries, but as a whole. Professors and other authorities visit the Emperor and give him what amounts to regular instruction on social, political and economic questions. When he meets his guests at luncheon it is therefore with a mind well furnished with the latest information.

In simple domestic fashion, Hirohito has glimpses from time to time of the Empress and the little princesses. Exercise is taken after lunch. The

later afternoon is usually the time for audiences and signature of documents. Moreover, the Emperor is able to keep his mind clear amid a multiplicity of duties by using different rooms for various kinds of correspondence. Public functions somewhat interrupt this order of the day, and if the Emperor opens Parliament or reviews his army and navy, if he holds a garden party or receives Ambassadors, his uniforms, naval and military, his salutes and other incidents of the occasion are as definitely Western as they would be at Buckingham Palace or Westminster.

The intellectual relaxation of the Emperor is in line with the severity of his tastes. He is a serious student of biology. His grandfather, Mutsuhito, maintained his health by daily submission to that massage which in Japan is a fine art. Hirohito is fond of riding and swimming. Also, he plays tennis and golf. In 1922 he was visited by the Prince of Wales, six years his senior, and they enjoyed a round on the links in the royal park. As neither heir to an ancient throne would be permitted to beat the other, the score cards were torn up.

It may be only a coincidence. But there were two decisions in which, defying the more conservative aristocracy, Hirohito followed the example of the Prince of Wales. First, he determined to see the world for himself. By tradition, the Sons of Heaven had dwelt within "the Forbidden Enclosure," as secluded as the Grand Lama himself. Some Emperors, submitting to the tonsure, had become monks. When receiving a Minister in the old style, an emperor was hidden by a curtain and it was only when thus concealed that he could look upon a play or the dance privately performed for his special benefit. Even so, he was careful only to turn half his face—the profile—toward the actors. It is true that at his accession in 1868, Hirohito's grandfather, the great Emperor Mutsuhito, maker of modern Japan, proceeded to Osaka

and for the first time caught a glimpse of the sea. Yet the emancipated Mikado still traveled in a gorgeous black-lacquered car drawn by white bullocks in which—carefully withheld from the public gaze by curtains of split bamboo—he sat unseen. No prince of the blood had ever crossed those waters, and it was with an effort that the former Emperor had recognized the existence of a distant island called Britain, made of the mud and foam which had been left over when his ancestors created Japan. Many were the Shinto rites by which white-robed black-capped priests averted the perils of contamination that accompanied a visit in 1869 from Queen Victoria's second son, the Duke of Edinburgh.

This was the background out of which, in 1921, Hirohito created a precedent by sailing away over the four seas. During his grand tour of Europe he insisted upon seeing the usual sights. He was the first of his illustrious family to attend a public theatre. He shopped in stores, and, abandoning royal custom, he handled money. Also he tried his luck as a passenger on the underground and was even berated by a gatekeeper when he failed to show his ticket. On his return, there was another innovation. The people still closed their upper windows as he passed lest inadvertently they should look down on their future Emperor. But they greeted Hirohito no longer with bowed heads but with thunderous shouts of "Banzai!"

Secondly, Hirohito, like the Prince of Wales, refused to listen to any dictation on the choice of a wife. From time immemorial, the Mikados had married the daughters of mighty chieftains. In due course there arose an assumption, based on convenience, that the Empress must be chosen from the daughters of five sacred families. Also, in order to safeguard the succession, it was ordained that twelve subordinate wives be selected for the Son of Heaven, and the mother of the

great Mutsuhito was of this status. But during the progressive reigns of that Emperor and his successor, Moshihito, the recognition of the Empress as sole consort of the Emperor was emphasized in ceremonial.

There is a pretty story that as a boy the future Emperor Hirohito was in the gardens of the palace when suddenly he encountered a little girl who happened to be separated from her escorts. Greatly embarrassed, this child was so eager with her curtsies that she lost her balance and was only saved from falling by the hand of the Prince. Whatever be the truth of this legend, Hirohito determined that with this vision of petite charm and none other would he share his prospective throne.

The maiden was the Princess Nagako, daughter of Prince Kuninomiya. He was of royal blood, belonging to a collateral branch of the reigning house, but he was not of the five sacred families which had enjoyed the privilege of providing empresses. No less serious was the fact that through her mother the Princess Nagako was descended from the Satsuma clan, which has been influential in the navy. For this reason Prince Yamagata, head of the rival Choshu clan, which is powerful in the army, was bitterly opposed to the match. A decisive factor in the triumph of romance was the attitude of the people. In scores of thousands they visited ancestral shrines and prayed that nothing should be permitted to interfere with the marriage. It was not alone that all the world loves a lover. Nor was it alone a defeat for the Choshu clan, as such. It was an assertion of public opinion against an attempt by any aristocratic faction to dictate to the Son of Heaven.

It is confidently believed that the marriage has resulted in domestic happiness. But there has arisen a question seriously affecting the succession. Four Princesses, of whom

three are living, have been born to the Emperor and Empress, but not yet a Prince, and in 1889 an imperial house law had laid it down that the heir must be a male. As things stand, the succession thus falls to the Emperor's younger brothers in turn, and it is understood that the birth of a son to either of these brothers prior to the birth of a son to the Emperor would be an event lacking somewhat in respect.

The marriage of the Emperor and his elevation of the Empress to a throne at his side were solemn affairs. The Samurai again donned their ancestral armor, again were equipped with halberds, swords, bows and arrows. Ladies were swathed in numerous kimonos, the sleeves of which, one within the other, indicate respect claimed and conceded. The ritual dances were strictly performed and the advance of princesses across a hall of the palace absorbed all attention for a couple of hours.

Between the Japanese and the European monarchies there is a difference that immediately strikes the eye. In Europe and, indeed, in India and Persia, the Court is obtrusive and spectacular in its pageants. Palaces face the streets and the parks. Kings and princes appear frequently at functions. Not so in Japan. The sentries who stand at the gates of the royal domain may be no longer equipped with halberds, bows and arrows. Their uniforms and weapons may be more modern than the finery of the stately troops who "change the guard" in London. But from the up-to-date and busy city of Tokyo the palace is separated by triple wall and moat. There is no balcony where emperors may bow to the people.

The palace is built in Japanese style. Mainly of one story, with high curving roofs, it spreads in bungalows over a wide area, containing corridors rather than stairs, and many enclosures. According to the canons

of Japanese art, ornaments and pictures are reduced to a minimum. But the delicate severity of the interiors is relieved by flowers and the exquisite polish of paneled wood. The gardens are free of those statues and vases which encumber, let us say, the avenues of Versailles. To the Japanese, the trees and their blossoms, the running water and the green of grass are enough for beauty. Grandeur is expressed in perfection of neatness and orderly design. There is a private golf course. There is the road for riding.

The tradition of quietude, which is still associated with Japanese rulers, is a product of the past. The very term "mikado" expresses it. We may read it in two ways—mika-do, awful place, or mi-kado, honorable gate (what the Turks called a "sublime porte"), but in either event it suggests not a person but a locality. A village called "Mikado" is marked on the map. It was by seclusion that the impersonality of the emperors was symbolized. There were multitudes of simple folk whose veneration for the unseen Son of Heaven was so profound that they remained in ignorance of his name and, in sharp contrast to modern journalism, the literature of the country maintained silence as to his private life. The announcement of an Emperor's death used to be postponed for any convenient period. It was not until the advent of Hirohito that medical bulletins of royal illnesses began promptly to be issued.

Only along the path of the past can we approach to an understanding of the Emperor's prestige in the present. Among Japanese historians, orthodoxy may permit a respectful argument over the origin of the throne. Some declare that the dynasty created the nation. Others suggest that the nation had something to do with creating the dynasty. But it would be audacious for a Japanese to deny

that a people, themselves divine in origin, received from the Sun Goddess herself their earliest Emperor, or that the first of the human rulers, Jimmu Tenno, founded the realm in the year 660 B. C. Critical research may declare that authentic annals do not carry us beyond the fifth century of the Christian Era, that courtier scholarship elaborated the mythical reigns of the seventeen earliest Mikados, attributing to them a patriarchal longevity and that the perspective was thus extended for 1,000 years. The firm answer is that Hirohito has behind him 2,500 years of a continuously ruling family and is himself the 124th Emperor!

But the divine in the Japanese monarchy has been associated with the human. Rivals have arisen to reign over a divided country and treason has been revealed in plots, assassinations, enforced suicides and in the exile and imprisonment of various Mikados. Nine Empresses have reigned in their own right, sometimes under the influence of favorites, and the nobles were persistently turbulent. Hence the curious dual authority of which the monarchy is today the survival. Ten Emperors reigned. But the administration passed to the Shoguns, and from 1600 to 1868 the Shogunate was hereditary in the family of Tokugawa who, entrenched in their fortress of Yeddo, with an army of 80,000 soldiers at their back, governed Japan. Ritually, the Shogun ranked as the Mikado's ape. In fact, the Shogun's throne with its curtains, was uplifted on a dais. He had his sword-bearer and, in granting audiences, he demanded prostrations. Fifteen of the Tokugawas thus governed in the name of fourteen Emperors and two Empresses. It was the Tokugawas who destroyed all seaworthy ships, expelled Portuguese and Spanish missionaries, and only permitted the Dutchmen at Nagasaki to continue their trade because they were not held to be Christians.

The Shogun treated the Emperor with all reverence. The palace in Kyoto was rebuilt. The revenues were increased. But the aim was to elevate the Mikado into the prestige and, therefore, the impotence of an idol, and Buddhism assisted in evolving the priest king. A ceremonial was developed which, like the long finger nails of the Chinese and the bound feet of their women, elevated lassitude into a dignity. So sacred was the Emperor's person that never must he put his foot to the ground, and if he wished to mount a horse four men had to assist him. Princesses were no less handicapped. They could drink no tea unless a maid lifted the cup to their lips, and if they sneezed, it was a maid who must apply the handkerchief. It is in defiance of this tradition that, in the morning, the present Emperor insists on dressing and shaving himself.

At first sight, the triumph of the Mikado over the Shogun—of the shadow of power over the substance—is inexplicable. But it was the weakness of the Emperor that saved him. "The Mikado," it used to be said, "all men love—the Shogun all men fear." Over the predominance of the Tokugawas, the nobles as a class were irate. Against the Son of Heaven there was no such hostile sentiment. Within the imperial flower gardens of Kyoto, surrounded by trees and flowers and rocks and streams, there dwelt the sovereign in a palace, the simplicity of which was proof that divinity on earth needs no adornment.

When, therefore, an avalanche of Western ideas smote Japan, it was the Shogunate that absorbed the shock and disappeared. The powerful house of Tokugawa suffered inevitably a period of comparative eclipse. But in 1921, Prince Iyesato Tokugawa, grandson of Keiko, the last reigning Shogun and president of the House of Peers, represented Japan at the Naval Conference in Washington. Also, the youthful Princess Kiku Tokugawa

was married in 1930 to the second brother of the Emperor, Prince Takamatsu and, as a honeymoon, made the grand tour of the Western world, not forgetting the United States—where the strictly Parisian trousseau of the bride was much admired.

Under the Shogunate, the Emperor of Japan was, in effect, a constitutional monarch, accepting the advice of Ministers. This is still his position. During the reign of Mutsuhito, the advisory power was exercised by the Genro, or Elder Statesmen, to whose authority, when it came to acid tests, Cabinet and Parliament were subordinate. One by one, the great personalities of the Genro have been passing away and they have left few successors.

The extension of the franchise in 1925 means that Japan, emerging from oligarchy, has to face a Parliamentary régime—and, in these days, that régime in itself is nowhere a certain remedy for all ills. The depression has aroused Japan, like the rest of the world, to consciousness of economic realities. Labor is organized and touched, here and there, with communism. It is found that politicians may not be in every instance wholly immune to financial arguments. The price of rice, the Chinese boycott of Japanese exports, commercial crises—all the jolts and jars which also trouble the United States—are affecting Japan.

Through all these changes and confusions, the Emperor is not so much an authority over Japan as a personification of Japan. He is too divinely representative to be, like Louis XIV, his own Minister. He does not initiate. Like the Sacred Mirror, he reflects. Whatever influence moves Japan—imperialism, socialism, progress, reaction—it will be national in its momentum, not royal. The Emperor will be within the picture and part of it. Revolution against him would be revolution against the people themselves.

The Doctor and the Public

By HERMAN F. STRONGIN, M. D.

ALTHOUGH the physician has since the dawn of rational medicine worked more or less on his own account, recent social changes have affected his profession. Public health has become a matter of concern to the State as well as to the individual citizen, with the result that the practice of medicine must inevitably submit to some sort of direction. What form is this direction to take? Should it be a complete system of State medicine, as in Soviet Russia, where the physicians are public servants and the entire cost of educating the doctors and their salaries when qualified are borne by the government? Or, on the other hand, should the movement toward socialized medicine which has already begun in the United States be carried more boldly forward?

Let us begin by asking what makes the present relationship between doctor and patient undesirable to the parties concerned and at the same time inconsistent with national welfare.

1. Although there are more physicians practicing in the United States than in any other country in the world (one to each 753 persons), and a somewhat proportionate number of dentists and nurses, their distribution among the people remains entirely uncontrolled, so that the large cities are oversupplied, while outlying districts do not receive adequate attention.

2. Good private medical treatment is still too expensive for the average citizen.

3. The cost of medical care is very unevenly divided among various social and economic groups.

4. The issues have been confused

by the increase in the number of quacks and charlatans, who are given their chance, as Dr. Abraham Flexner puts it, by "the very candor of scientific medicine," since "just where the scientific physician admits his inadequacy the charlatan is most positive."

5. The charitable load carried by physicians is tremendous and almost beyond calculation.

6. The average citizen does not know how to budget his sickness expenses and provide for an emergency.

This last point should not be passed by without a few words of comment. It was pointed out several years ago that fully \$21,000,000,000, one-quarter of the national income, was being spent each year in this country on such luxuries as motoring, entertaining, candy, beverages and vacations. In 1930 another writer showed that \$2,000,000,000 was spent each year by American women on beauty culture. Yet Dr. Homer Folks has estimated that only \$15,000,000,000 a year is expended on all medical costs in the United States, and that the entire investment in hospitals does not exceed \$6,000,000,000. The lesson is obvious. Somewhere something is radically wrong!

Approaching the problem from another angle, an editorial in *The New York Times* recently remarked: "Very roughly we may say that the rich pay a great deal more for medical care they receive than the service costs. The great mass of the people pay more than they can afford, but less than the service costs. The poor receive expensive treatment and pay nothing. It seems probable, although precise figures are lacking, that the amount which the American people

pay out of pocket as individuals for medical care is considerably less than actual cost of the service they receive. The difference is made up from three sources—drafts on tax funds for public health service, the beneficence of individuals who endow hospitals, and the generosity of the medical profession."

It would seem, all factors considered, that organized medicine, carrying more than its share of an apparently unnecessary philanthropic load, should be more than willing to shed such a burden. Yet, paradoxically enough, most of our physicians are not ready to accept State medicine, probably because no system has been advocated which appears to be equitable to all and without inherent defects otherwise.

An elementary sort of socialized medicine has long been practiced. Almost as soon as population became centred in cities the necessity of protecting public health by organized means became evident. Hospitals had appeared in the New World soon after its settlement, the first in what is now the United States being founded on Manhattan Island in 1663. In the eighteenth century genuine socialized medicine arose from the efforts of mutual protective leagues and trade guilds to provide health insurance for their members. Eventually, by about 1850, Legislatures in this country were forced to recognize the menace of uncontrolled hygienic conditions and established many of the public health services now in operation. Further advance in governmental public health legislation was marked by the enactment of pure food laws in New York, New Jersey and Michigan in 1881 and by the passage of the Federal food and drug acts in 1906.

For obvious reasons these changes were in themselves unable to displace the individualist physician. He was, as the Commission of Medical Education showed in 1927, capable of caring for about 90 per cent of his patients

in his office or at home. This, added to the fact that early hospitals had acquired an unsavory reputation as institutions of carnage, explained why it was that the drift from private offices to public institutions proceeded very slowly. But with the remarkable advances in medicine and ancillary sciences in the present century, rapid strides toward socialized medicine could be made.

It was long ago observed that "there is nothing men will not do—to recover their health and save their lives." These very human desires became more pronounced as the new order of things brought them nearer realization. Simultaneously, the knowledge that good health contributed directly to the higher earning power of the masses and indirectly to increased financial returns for the employer, led to greater efforts for the collective care of patients. Of foremost importance chronologically and otherwise is the part played by the clinic. Dispensaries for the poor had appeared first in Philadelphia in 1786 and later in New York and Boston. At first only those patients who could produce a subscriber's card were accepted, but by 1830 a more humanitarian system was substituted. Not until the early 1900s, however, did clinics become agencies for preventive measures against tuberculosis, infant and maternal mortality, and venereal and mental diseases.

Once the movement for more clinics really got under way, the growth was phenomenal. There were about 600 in the United States in 1910 and approximately 6,000 in 1927. Even more striking are the figures presented in a report to the Medical Society of the County of New York in March, 1932: "In the last ten years the number of visits made to the dispensaries of New York City has almost exactly doubled. The actual figures show an increase from 2,783,147 in 1920 to 5,624,251 in 1930." Philanthropic foundations, established chiefly within

the last few decades, as well as private contributions, are largely responsible for the growth of these clinics. The great disadvantage of this paternalism is that it has no doubt increased the opportunities of those who are always ready to get something for nothing, or next to nothing.

As the financial burden of carrying the vast number of patients who flocked to the clinics grew heavier, there gradually developed a tendency to establish fee systems and to advance the rates to out-patients. From a 10-cent fee to cover all visits in the early part of this century, small increases have been made, until the patient at a clinic nowadays pays regularly 25 and often 50 cents. In pay clinics the average fee is about \$2.50. Yet even the larger fees, together with the philanthropic contributions, are frequently insufficient to cover the expense of the service. Contributions of the members of the medical profession alone in the way of gratuitous service have been estimated at \$365,000,000 annually—an amount greater than "the entire contribution to society in the last twenty years of the medical and quasi-medical foundations" together.

From the ordinary clinics have grown certain giant organizations, the most striking of which is the Medical Centre. Physicians themselves have not been slow to realize that altered conditions demanded other forms of practice. Many stepped forth from their individual offices and formed what might be called group practice pay clinics. The first and best known of these is the Mayo Clinic, first organized as a partnership in 1887 and now developed into a huge enterprise employing 386 physicians and dentists and 895 laymen. From the World War came group clinics, which have been established as a direct result of experiences gained by physicians working in specialized groups at draft examinations or in actual service.

The draft examinations also served to show how much was to be gained by the practice of preventive medicine. Like other progressive ideas, preventive medicine has been only gradually accepted. We hear about its existence in England as early as 1861, but for many years practically nothing was accomplished. The task still remains unfinished. In this country Dr. Hermann M. Biggs, who died in 1923, will always be remembered for his devotion to the cause. His statements that "public health is purchasable" and that "within certain limitations a community can determine its own death rate" stand out as a classic utterance and an inspiration to those concerned with and responsible for the public welfare.

The scope of preventive medicine on a socialized basis is wide, and includes such fields as infant and child welfare and maternity care. In 1921 Congress passed the Sheppard-Towner act which authorized an annual appropriation of \$1,240,000 for five years (later extended to eight) for maternal and infant hygiene. Each State was given \$5,000 outright and the remainder of the appropriation was used to match State money for approved maternity and infancy work. Shortly after the World War periodic health examinations were popularized by private corporate organizations, and later large insurance companies spread the much-needed propaganda throughout the land. Organized medicine endorsed the health examination in 1922.

From the war came other movements for the public welfare. As early as 1908 the American Government had officially recognized the workman's compensation scheme by the enactment of legislation providing limited benefits for designated classes of government employes, and later enactments by various States further demonstrated the advantages deriving from group health protection. With the advent of the war industries throughout the country adopted vari-

ous plans, and in 1928 one corporation alone spent \$900,000 to provide medical service for 15,000 workers and their dependents.

There is little doubt that the development of socialized medicine, the growth of medical administrative organization, the rise of numerous divisions and subdivisions of medical science and the tremendous increase in the personnel of complex welfare organizations have dealt a severe blow to the old-time individualism and dominance of the physician and have created a trend toward private and governmental paternalism. There has been evolved a form of medical charity which, although not yet fully matured in that it lacks compulsory features, challenges organized society. In other words, the practice of medicine in America has been socialized up to, but short of, the point where it falls under the complete control of the State.

What does State medicine mean? Socialized medicine embraces State medicine when used in its broadest sense. It does not, however, include the compulsory element which is essential to State medicine. Nor do all aspects of socialized medicine fall within the purview of State medicine. To put it briefly, the latter is that form of socialized medicine which possesses the added feature of compulsory sickness insurance provided for each individual by some governmental agency controlling a central fund raised by direct or indirect taxation.

In Europe State medicine has been given not one but several trials. In fact, we find there every gradation of "institutionalized medicine," from the highly organized type in Russia to what might be termed individualized State medicine in England. The whole movement was first inaugurated in Germany after Bismarck's anti-socialistic manoeuvre in 1881 and within a decade some form of sickness insurance had found its way into the national legislation of Aus-

tria, Hungary and Norway. Since 1891 Russia, Great Britain, Bulgaria, Portugal, Poland, Greece and France—to say nothing of Japan and Chile—have followed suit, the European countries in the order given and Japan and Chile in 1922 and 1924 respectively.

Although the types of State medicine adopted in Europe are many, certain general features may be discerned:

1. Twenty of the twenty-three countries examined restrict their insurance to wage earners.

2. The extent of the protection afforded varies greatly. For example, in Germany dependents are included, whereas in Great Britain only the insured person is included. Other countries provide for maternity "coverage," invalidity, old age and burial.

3. The insurance is made mandatory on employers and employed alike, and in this respect differs from the voluntary insurance systems adopted in a number of other foreign countries with the aid of State subsidies.

4. The money for the central fund is derived from three sources: (a) regular taxation, (b) the insured individuals, (3) direct assessments of the employers.

5. Provision is made for the insured individual to obtain medical care, drugs and hospitalization for well-defined periods. Such expensive accessories as orthopedic appliances and eyeglasses must be paid for by the patient.

6. The private home is maintained as a unit of the system.

7. There are certain definite limitations in regard to the income of the insured individual. For example, in Germany any worker between 16 and 70 years of age with an annual income under \$900 is entitled to be a recipient of the benefits of the act. In Great Britain \$1,250 is the boundary line, while the city of Vienna gives protection to all its workers regardless of their salary.

8. Except in Russia, doctors may, if

they desire to "serve the State," have their names listed in specified zones. There is no compulsion, but for most physicians acceptance is imperative if they are to continue existence.

9. Restrictions in choice of doctor are limited.

Much, of course, can be said for the practice of State medicine in Europe and many have sung its praises. In addition, the casual observer is likely to be so blinded by the virtues of the schemes that he is entirely oblivious to the many defects. In Germany the latter are especially conspicuous once one delves beneath the surface. In fact, a Danzig doctor of two years' experience with the "sick fund" has gone to the trouble of publishing a strong denunciation of the system. Some of the objections in his indictment that have been verified by capable foreign observers are as follows:

1. The intrusion of a third party interferes with the confidential relationship between doctor and patient.

2. Sickness insurance undermines manliness and leads to cultivation of malingering.

3. A really sick person does not secure the treatment required.

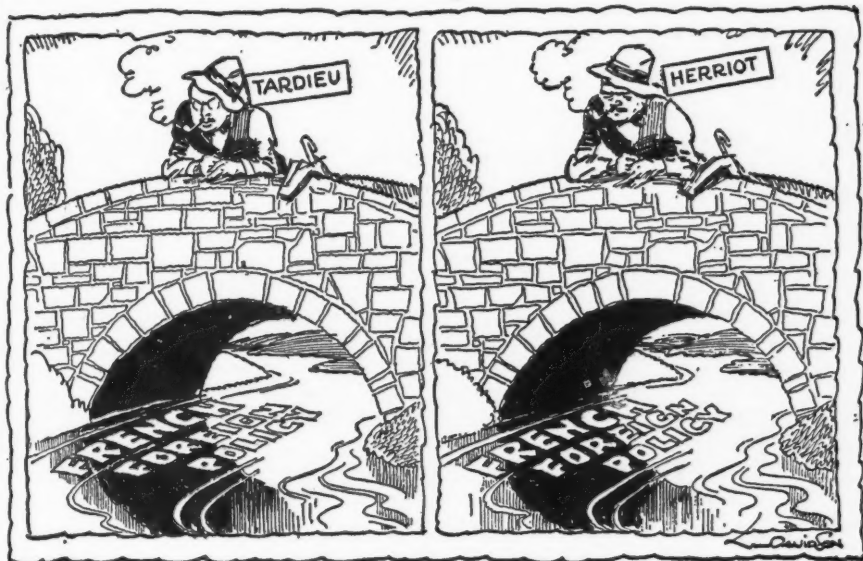
4. The administration of the sick fund is very costly, requiring thousands of official employees, luxurious buildings, &c.

5. Sickness insurance, like any dole system, is bound in the long run to lead to moral deterioration.

But this is not the place to enter

upon a discussion of the numerous advantages and disadvantages of State medicine. That is a story to be told by itself. The question of the relationship of doctor and patient, however, and the maintenance of the physician's individual status can not be brushed aside without serious consequences. Nor can we overlook the importance of national psychology, social structure and political factors, and succumb to the temptation of transplanting a European form of State medicine on American soil. But it is possible that the intensity and further duration of the present depression may accelerate the drift toward State medicine. It is therefore necessary that the far-seeing members of the medical profession urge their more quiescent colleagues to join in sponsoring a more intelligent form of socialized medicine, before the apparently fast-approaching State intervention makes its appearance. We should not accept too hastily what foreign political needs found it expedient to recognize. Each factor as it arises should be carefully weighed, so that any alterations in the present system of medicine, whether toward a more rigid form of socialization or in the direction of some more workable form of State medicine than has yet been advanced, will, when evolved, stand the test of time. In this way there is more certainty of a better form of medical service than by any scheme that is conceived in haste.

Current History in Cartoons



"MEN MAY COME AND MEN MAY GO"—

—Glasgow Evening Times



RUSSIA—"At the command, you shout: 'Down with the army!'"

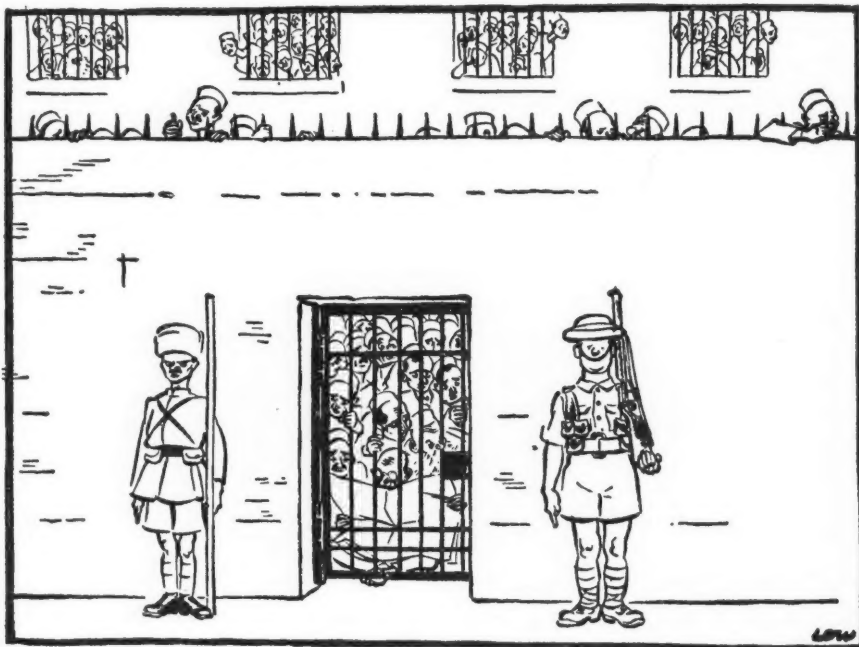
—Le Rire, Paris



IN THE BALANCE!
—Cleveland Plain Dealer



WHICH WAY?
—Boston Transcript



LOCATION
"What people in India want is to know where they are" (Lord Lothian)
—Glasgow Evening Times



THE SOWER OF DISCONTENT

—Irish Weekly Independent, Dublin



THE OLD FORT IS STILL
HOLDING

—Baltimore Sun



THE FOUR HORSEMEN OF THE
WORLD TRADE SLUMP

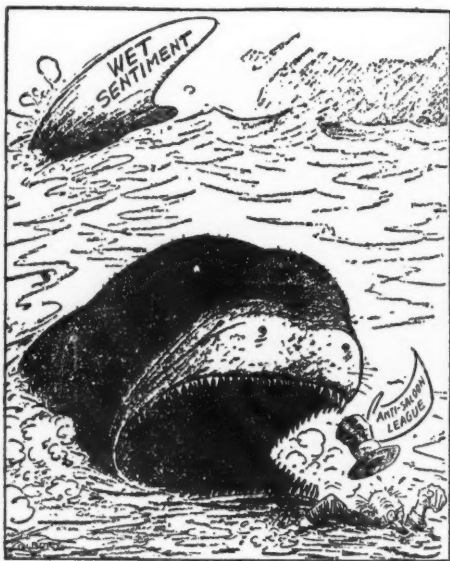
—St. Louis Post-Dispatch



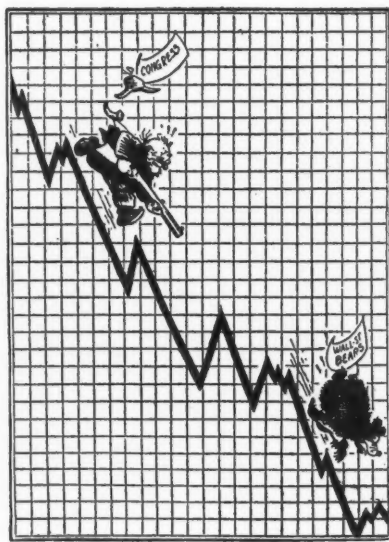
THE MAN WITHOUT A LOBBY
—St. Louis Post-Dispatch



WELL, PORK HAS FOOD VALUE
—Dallas News



JONAH AND THE WHALE
—Cleveland Press



THE LONG, LONG TRAIL
—Cleveland Press

A Month's World History

Wars and Rumors of Wars

By JAMES THAYER GEROULD

Princeton University; Current History Associate

IS another great war just over the horizon? The question is not fantastic, nor can the problem it propounds be dismissed by a negative answer engendered by faith in paper guarantees or our heavy armament. Probably no nation wants war; memories of 1914-18 are far too vivid. But apparently none of them is intelligent enough—or willing—to shape its policies so that the causes of war may be removed. That is the situation, and it may as well be faced. National poverty may make for international amity, but it may, on the other hand, be an incitement to conflict, as in modern Japan. Every country, moreover, has its munitions lobbyists and those who, still finding glory in war, belittle its horror and its tragic waste.

For a good many years, in military and naval circles at home and abroad, there has been talk of the inevitable conflict between the United States and Japan. Henry F. Pringle, in his recent life of Roosevelt, gives some idea of the idle gossip that produced the war scare of 1907, and probably that of 1920 had little better foundation. But during the past month or two rumors have again been flying about Washington. That the policies of the two nations with respect to China are squarely opposed is evident. Despite the acquiescence of Japan in John Hay's doctrine of the Open Door in 1897, and her reaffirmation of the principle in the

Nine-Power Treaty, she has again and again insisted on the validity of her special interests in China, and particularly in Manchuria. They were, in fact, recognized in the Root-Takahira notes in 1908, and again by Bryan in his note of March 13, 1915, but this understanding was abrogated by the treaties of 1922. Japan was bitterly humiliated when she was compelled by Russia, France and Germany to release her hold on the Liaotung peninsula, which she had acquired in the Sino-Japanese War of 1895, and the feeling was intensified when, in 1922, she was required to give up Shantung.

There is little doubt that, in substance, the twenty-one demands of 1915 are fairly representative of Japan's present desires. It is natural that she should want to expand, and her imperialistic methods have plenty of precedent. Her system of exploitation is no worse than that of most other countries, and is better than some. She was, in fact, doing very well in Manchuria under the administration of Chang Tso-lin. After his death the increasing disorder became a source of great annoyance to her.

During the last ten years the economic and financial situation in Japan has gone from bad to worse, and there has been increasing irritation by the politicians and grasping financial interests. The army, which has no responsibility to the civil government,

evidently determined on the Manchurian adventure, and, later, on the Shanghai invasion, in the hope that it would improve conditions at home. The Japanese military men have become deeply incensed over the "loss of face" incident to the withdrawal from Shanghai. The new National Government, in which they have a controlling voice, seems likely, so far as its international policies are concerned, to be more intransigent than the last, and it will be very difficult for it to recede in Manchuria. Its claim that Manchukuo is independent is transparently a fiction. Behind every Manchurian official is a Japanese who pulls the strings. Even if it is admitted, for diplomatic reasons, that Manchukuo has bona fide government, the manner of its establishment can hardly be reconciled with the note of Secretary Stimson of Feb. 7, 1932, and the subsequent action of the League.

Both the United States and the League have stated, in language that cannot be misunderstood, that they do not intend to recognize the Manchukuo Government. If we intend to maintain the Open Door policy and the doctrine laid down by Mr. Stimson, coercion might be necessary. It is exceedingly unlikely that we would be so foolish as to act alone. Such action would be both unsafe and in flat violation of the Pact of Paris, for we could hardly claim that "self-defense" was involved. If we were a member of the League, the situation would be relatively simple, for it is distinctly probable that a threat of coercion would be enough. Joint action with the League is possible, but, as has been shown during the past months, it is difficult and beset by many hazards.

A *casus belli* exists also between Japan and Soviet Russia because of the conflict of interests in Manchuria. Obviously, neither is looking for trouble, but, with Japanese armies operating all along the lines of the Chinese Eastern Railway, "incidents" are dif-

ficult to prevent. If the fires are once lighted, it may become extremely difficult to put them out.

It is in Europe even more that danger of war lies in almost every direction. When the peace conference assembled, the forces of reaction were in complete control, and negotiations took place in an atmosphere of passion and hatred that was as unintelligent as it was violent. The leaders are not altogether to be blamed. They but expressed and enacted the opinions of the majorities behind them. The treaties that they drew up not only violated the terms under which Germany agreed to accept the armistice but, as we now know, sought to ignore the facts of history. The representatives of Germany were under the bitter necessity of accepting a settlement having as its major premise a declaration of undivided responsibility which they believed to be false. By the provisions of the treaties, national boundaries were torn down and others set up without regard for the fabric of economic life and industry that had been a century in the weaving.

Seven entirely new nations came into existence, and the European customs boundaries were lengthened by many hundreds of miles. Avenues of trade, open for the transit of goods for centuries, were blocked or obstructed. In each of the new States there had to be a completely developed bureaucracy, with hosts of officials greater or less, all of whom had to be supported by taxation. Each needed its army, and military budgets have increased from year to year. Since in some future war supplies from outside might be cut off, an effort was made to stimulate agriculture and industry artificially, so that the nation might be self-contained. To accomplish this, tariffs were raised, subsidies paid, trade restrictions imposed. The increased cost of the goods produced under these conditions was either paid out of the pockets of the people or met by an addition to the rapidly increasing public

debt. The policy of inflation, to which the nations resorted in a frantic effort to pay their bills, resulted inevitably in the destruction of a large part of their inadequate fund of capital.

Poisoned by the virus of economic nationalism, the governments, and the people back of them, plunged madly into new excesses. Tariff walls rose yearly to greater heights, preventing as effectively the export of their own goods as they did the entry of those from neighboring States. Trade languished. The promised prosperity never came, but the will-o'-the-wisp was still pursued. It was always just around the corner, and there were always plenty of resounding slogans to cheer people on.

Here and there voices of protest were heard. Far-sighted men in every country in vain warned their compatriots of the dangerous abyss just ahead. Economic conferences, summoned by the League, recognized the peril, but they were not able to avert it. Their resolutions were quietly dropped into the official scrap-basket. The manifesto of the bankers and industrialists, signed by representatives of sixteen of the leading countries and issued in October, 1926, has gained additional force from the events that have succeeded it. "There can be no recovery in Europe," it read in part, "until politicians in all territories, old and new, realize that trade is not war, but the process of exchange; that in time of peace our neighbors are our customers, and that their prosperity is a condition of our well-being. If we check their dealings, their power to pay their debts diminishes and their power to purchase our goods is reduced. Restricted imports involve restricted exports, and no nation can afford to lose its export trade. Dependent as we are on imports and exports and upon the processes of international exchange, we cannot view without grave concern a policy which means the impoverishment of Europe."

Superimposed upon the burden that Europe was compelled to carry in consequence of its folly was the tremendous load of war debts and reparations. The Treaty of Versailles was, in effect, a blank check signed by Germany. The figure of 132,000,000,000 gold marks, assessed in 1921, was a large reduction from earlier estimates; but, even at the time, competent financial authorities warned the politicians that the amount was fantastic and could never be paid. The Dawes Plan of 1924 was discreetly silent about the total, and the Young Plan reduced it to 37,000,000,000. All the world knows that the payment of the annuities from year to year was possible only because of heavy borrowing abroad, and that the net obligation of Germany was not reduced. So long as the loans flowed in there was fictitious prosperity.

When the crash came and the bankers called their loans, the bubble burst, and had it not been for the Hoover moratorium Germany would have been forced into complete bankruptcy. As it was, the conditions imposed by France were, and are, so severe that, until they are modified, recovery is impossible. Millions of German families are today living on a dole of less than \$13 a month. In such a situation, demagogues flourish, and the limitless promises of Hitler are accepted at face value. No more reparations, a complete revision of the Versailles treaty, the suppression of the Polish Corridor, even the return of the colonies, seem quite possible if the Nazis can obtain control of the government.

But they reckon without France. The Versailles treaty restored to her that dominance of Europe that she enjoyed under Louis XIV and again under Napoleon I, a dominance which she fully believes is hers by right. When the United States, and consequently Great Britain, refused to ratify the guaranty promised by President Wilson as the price of the agreement not to extend the borders

of France to the Rhine, she sought, and succeeded in the attempt, to encircle Germany by a series of alliances with Belgium, the countries of the Little Entente and with Poland. The Geneva protocol and the treaty of mutual assistance were efforts to consolidate her position through the League. These failed, but she secured half a loaf at Locarno. Not content with these paper guaranties, she has systematically developed her army and her air force until they are the strongest in Europe. Vast sums have been expended in constructing a line of fortresses along the border. By skillful diplomacy, she is able very largely to determine the action of the League, or at least to block everything which would lessen her prestige.

France is sincerely convinced that a peaceful Europe is conditioned on the maintenance of the Versailles treaty. If any sort of revision is permitted, all its provisions may be questioned. Every uneasy and exasperated minority (and it is conservatively estimated that in Europe they total 35,000,000 people) will demand relief. She is confident that any readjustment of boundaries will mean war. Any abrogation of reparation payments would be the signal for other demands. Unless she can secure a corresponding reduction of her American debt, her taxpayers must foot the bill, as well as that incurred in reconstruction. She denies, with imposing statistical tables, the German claim that the cost of rebuilding the devastated areas has already been paid.

The issue between France and Germany is clearly defined, and its settlement cannot much longer be postponed. Before this article is published the world will know what has happened at Lausanne. If a settlement has been made, the road will be open toward normal economic and financial conditions. If, instead, there is another postponement, Europe is in grave danger not only of national bankruptcy but of Fascist or Com-

munist uprisings that may have far-reaching consequences. Germany may, as she did at Genoa in 1922, confront Europe with another treaty of Rapallo—an alliance with Russia. In such a situation the position of Poland, to say nothing of the Baltic States, will be precarious.

In the Polish Corridor, and particularly in Danzig, there is constant danger of some overt act for which neither of the governments concerned may be directly responsible, but which may serve as a spark that will cause an explosion. Quite recently, so the Poles claim, the thrifty Danzigers have been shipping into Poland, duty free, goods of German rather than of Danzig manufacture. Poland has demanded of the High Commissioner, consequently, that the administration of the customs service be turned over to her. The Polish Navy is insisting on certain rights of anchorage at the port, which Danzig regards as illegal. Incidents like these are very irritating, and any day something may occur that will give Poland an excuse for action. In such a case it is highly probable that France has enough influence with the League to see that its discipline of her ally will not be excessively severe. Acquiescence in the seizure of Danzig might result in the withdrawal of Germany from the League.

In the disarmament conference, in the discussions regarding financial rehabilitation and in advocating treaty revision, Italy is supporting Germany rather than France. Without impugning her sincerity, we may recognize that this policy is related to the perennial problem of Franco-Italian naval relations, unsettled since the London naval conference. Italy demands parity, as we did with Great Britain in 1921, and for the same reason—national prestige. She has no intention, immediately at least, of building up to the French tonnage. If for no other reason, it is financially impossible. Her national pride will not permit her to acknowledge that she

ranks below France in the scale of European power. France is willing to grant parity on the Mediterranean, but she insists that her colonial commitments require, in addition, an Atlantic fleet. The argument is plausible enough, if one accepts the conventional naval premises, but the Italians are quite well aware that in the event of war the distinction between the two fleets would vanish immediately and, along with it, all possibility of naval success. Another reason for Italian recalcitrance lies in the fact that she does not believe that she had a square deal in the distribution of the colonial loot at the end of the war. Tunisia, where a large majority of the population is Italian, should, she believes, be hers. She casts envious eyes on Syria, and would like a slice of the Sudan. She has never forgiven France for blocking, in 1926, her quiet little deal with Great Britain for the partition of Abyssinia. At present she does not dare to move against Yugoslavia, but she makes no secret of her belief that the Adriatic should be an Italian lake.

Should the present economic stress be prolonged, a state of mind may evolve which regards war as a welcome relief. It is a natural human impulse in troublous times to shift the blame to some one else rather than to assess it against our own ineptitude or stupidity—to strike out blindly, regardless of the consequences of the blow. In our present abnormal mental state, international controversies which could in better times be adjusted without great difficulty are magnified and become dangerous. How great that danger is is recognized by many political leaders—and by Marxists, who see in another world conflict the destruction of capitalist society.

THE ARMS CONFERENCE

The various commissions appointed by the world disarmament conference to answer the question of what weapons are specifically most offensive or

most dangerous to national defense or most threatening to civilians have made their reports. That they are disappointing to those who have hoped for tangible results as a consequence of the conference is putting it mildly. The naval commission's report was adopted on May 27, that of the land commission on June 6 and that of the air commission on June 8. Each showed that there was a wide variety of opinion on all matters; one nation would do away with submarines, another held them essential to its well-being; certain countries stated that land tanks of over twenty-five tons were "markedly offensive," others that they were not so; the term "bombing plane" could not be satisfactorily defined—and so on, throughout the entire list. It is obvious that the delegates to the conference had been instructed to protect the interests of their respective countries first of all and to agree on disarmament after that protection had been assured.

LEAGUE OF NATIONS GOLD REPORT

The League of Nations gold delegation, which was appointed in the Summer of 1929 to "examine into and report upon the causes of fluctuation in the purchasing power of gold and their effect upon the economic life of the nations," presented its final conclusions at Geneva on June 9. A return to the gold standard was advocated as the world's "best available monetary mechanism" (only six countries are at present maintaining the gold standard without special restrictions), and the three conditions essential to its general restoration were laid down: (1) "The restoration of a reasonable degree of freedom in the movement of gold services" on debts; (2) "a satisfactory solution of the problem of reparations payments and war debts"; (3) an agreement concerning "certain guiding principles in respect to the working of the gold standard." The report further stated

the need of balanced public budgets, declared that the present world gold supply was "adequate to support the credit structure legitimately required by world trade" and refused to recognize that the fall of prices since 1929 had been due to a shortage of gold. Prices should be raised, it was pointed out, but this cannot be accomplished by monetary policy alone. Central banks should expand credit, and the present reserve ratio of these central banks should be reduced.

THE WORLD OIL PARLEY

Certain qualified observers had attached great importance to the international oil conference which was held in New York City during May, for they saw in it a genuine attempt to stabilize the production of a vital commodity on a world-wide basis, and when the conference broke up without agreement on June 2, there was the feeling that a great opportunity had been lost. The parley had been called by Charles E. Arnott, president of the Socony-Vacuum Corporation, and had been attended by representatives of the oil companies doing virtually all the export oil business of the United States, as well as by those of the Royal Dutch Shell group, the

Anglo-Persian Oil Company, the Burmah Oil Company—the principal European producers—and by delegates of the Soviet Oil Trust. Petroleum markets have been more or less demoralized for several years, partially because of the increased exports from Russia, and it was proposed that the world supply be regulated by an agreement on the part of the Soviet Union to sell all its exported oil for ten years to the American and European companies, the annual amount not to exceed the total exported in 1931—37,500,000 barrels. This the Russian representatives would not agree to do—even though they were glad to have an unobstructed market for that quantity and could thus assure their country a definite supply of foreign funds for the purchase of machinery and other supplies—because they expect to increase their output within the next decade and because they wanted a guarantee of a substantial increase in buying and in price each year.

It was reported on June 9, however, that the Russian petroleum syndicate had agreed to resume the negotiations broken off a week earlier and that another international conference would meet in Paris on June 29.

Congress Plays Its Part

By E. FRANCIS BROWN

EARLY in June the end of the first session of the Seventy-second Congress was in sight. Few Congresses in recent years have enacted more important legislation during a period of six or seven months than has the present one; yet upon its head has been visited the opprobrium of the nation. In a time of national and international break-down, when not only the United States but

the world has lacked forceful leadership, Congress has been cast for the rôle of scapegoat, a part which any impartial examination shows to be wholly undeserved.

The position of the present Congress from the moment its members were called to order has been difficult. First of all is the problem that arises from the unwieldiness of so large a body—there are 435 Representatives

and 96 Senators—whose members represent the diverse sentiments of a nation that is anything but united on its social and political credo. Moreover, these representatives are no longer firm in their allegiance to the dominant political parties; some Democrats are Republican in all but name; the converse is true of many Republicans, and both parties are divided by loyalties to all degrees of conservatism and liberalism. From such a varied group it would be naïve to expect swift or concerted action.

It cannot be asserted too often that the approaching national election affects the attitude of Representatives and Senators upon questions which may arise to plague them during the months of preparing the voters to go to the polls. Members of Congress to some extent, also, are unable to withstand the pressure of the organized lobbies, and during the present session the Capitol has swarmed with more lobbyists than ever before. Only the strongest of men—and most of the members of Congress are no better than the average of their constituents—can resist the arguments and threats of the professional lobbyist.

The work of any Congress cannot be assessed without considering its relations with the executive branch of the government. At present the Democrats have a numerical, but not a working, majority in the House and the Republicans have somewhat uncertain control of the Senate. The administration itself has time and again failed to assert its powers of leadership. The President has permitted his legislative program to become entangled in the meshes of Congressional politics; he has frequently proposed contradictory measures which tended only to confuse the Congressional mind; and at times he has agreed with delegations from Capitol Hill upon specific proposals, only, soon after, to announce a different program of his own. Such executive

leadership, unless aided by unusual Congressional cooperation, does not make for legislative efficiency. Nevertheless, the principal measures proposed by the Republican Administration have been enacted, and few attempts have been made to carry through legislation which was known to be contrary to the wishes of the President and his advisers.

If one believes in democratic government, one must accept the principle of a deliberative body, such as Congress, in which opinions are aired and in which discussion rages. Yet the Seventy-second Congress has avoided an undue amount of oratory and has worked with dispatch; what argument has occurred should have been anticipated. For instance, was it to be expected that Congress would ratify meekly an executive act like the moratorium on international debts? Yet the moratorium, about which there might well be legitimate difference of opinion, was ratified by Congress with comparatively little delay. When the administration insisted on creating the Reconstruction Finance Corporation—a device which may have far-reaching effects on our economic and political structure—Congress passed the necessary legislation quickly and in almost the form recommended by the White House. The Glass-Steagall bill, which radically changed the Federal Reserve System, was passed without delay at the behest of the administration, although ordinarily such a measure would have consumed months of debate. Moreover, in less than a month's time, Congress enacted a bill to increase the capitalization of the Farm Land Banks, another proposal of the administration that met with little opposition.

The present Congress has passed two important measures which have been the subject of agitation for many years. A constitutional amendment abolishing the "lame-duck" session of Congress has been laid before the

States for ratification, while the use of injunctions in labor disputes has been prohibited by the Norris bill which became law at the end of March.

Two other outstanding problems have been before the present Congress—the balancing of the budget and the adoption of some sort of Federal unemployment relief. Balancing the budget became a fetish—in spite of the testimony of leading economists that it was unimportant—to which respect was paid with the final passage of the tax bill on June 6. The question of unemployment relief received consideration later. Congress has wrestled with many other problems during this session; it has enacted minor bills and defeated several important ones which were demanded by the members of Congress, but which the administration opposed; and no obviously harmful legislation has been passed. All has been done with a minimum of disorder and comparatively little delay during a time of national uncertainty and confusion. The members of Congress can, when they adjourn, go before the electorate with assurance and pride in a hard job well done.

Every session of Congress is filled with recrimination, with attacks by members of Congress upon the President which he returns blow for blow. The present session has been no exception; and some might think it has been worse than usual. Since the American people have expected Congress and the Chief Executive to lead them back into the paths of prosperity, the continued failure to find the way has made the public uncharitable toward men in Washington, while the apparent "dog-fight" between the legislature and the President has led to the feeling that our governmental system was hopelessly inefficient in a time of crisis.

Perhaps from these sentiments sprang the rumors which drifted through the country during May that

some kind of dictatorial or "fascist" régime would be attempted in Washington. Most of the rumors undoubtedly were unfounded, but Alfred E. Smith's appeal on May 16 for a non-partisan drive to end the depression, and addresses in a similar vein by leading capitalists, seemed to give weight to the stories that, after the adjournment of Congress, a coalition Cabinet might be formed. Furthermore, in a commencement address at Notre Dame University on June 5, Owen D. Young urged the concentration of greater powers in the hands of the President, with partial abandonment of the traditional system of checks and balances. Whether or not the words of these men were straws in the wind, only the future can tell.

BALANCING THE BUDGET

Historically the balancing of the budget in democratic countries has been accompanied by much bitterness and political trial, but in the United States budget-making dates only from 1921 and has usually been an easy task. The public was unprepared for the difficulties which necessarily arose during the process, and for that reason, plus the noisy insistence of the administration and financiers that the budget be balanced as a *sine qua non* of economic recovery, had little patience for three months of Congressional deliberation upon a tax bill.

The bill was introduced in the House on March 9, but was completely rewritten before being adopted and transmitted to the Senate at the beginning of April. (See May CURRENT HISTORY, pages 205-207.) For over a month, until May 9, the bill remained in the hands of the Senate Finance Committee and, when it was reported to the floor, bore little resemblance to the House measure.

Senate debate upon the tax bill was focused on three issues—the presence in the bill of import duties, the proposals to establish a sales tax and

the desire on the part of many members to "soak the rich" by levying heavy income and inheritance taxes. The tariff items, which were particularly embarrassing to the Democrats, aroused most opposition, but, in spite of spirited debate and astute parliamentary manoeuvres, the bill in its final form contained import taxes upon oil, coal, lumber and copper. The question of a sales tax, which was favored by big business but opposed generally by liberal leaders, was not decided until May 31, when, during the final hours of the debate upon the bill, the proposal of Senator Walsh of Massachusetts for a manufacturers' sales levy was rejected. Higher income and inheritance taxes were adopted on the last day of debate.

An element of mystery entered into the final passage of the tax bill. On May 30, at a White House conference between President Hoover and Senate leaders, it seems to have been agreed that the bill would be passed the next day. Yet the following morning Senators were suddenly told that the President would address them upon the subject of the bill. He appeared at noon and "in a low, inaudible voice" read a message in which he declared that an emergency existed which demanded the speedy passage of the tax bill. The President also gave lukewarm support to the adoption of a sales tax. Late that night the bill was passed, as had been agreed upon, but without the sales tax. Why did the President appear on the floor of the Senate? Such action was not necessary to secure the passage of the bill; the President's support of the sales tax was too half-hearted to be effective, and, as far as any one knew, no "emergency" existed. The only answer seemed to be that he was seeking political capital, and in that case he was somewhat successful, as the next day the nation's press rang with praises of his "leadership."

The Senate's tax bill was on June 1

sent to a conference of House and Senate members for the settlement of differences which existed between the bills adopted in the two branches of Congress. Agreement was reached, with but few changes, the following day, and on June 4, after a stormy session, the House approved the revised bill. Favorable action was taken by the Senate two days later, and the bill was signed immediately by President Hoover.

The provisions of the tax bill are expected to raise about \$1,118,500,000, a sum sufficient to balance, approximately, the Federal budget. In many respects the bill is superior to anything that might have been expected during the many weeks of its course through Congress. Income taxes have been greatly increased; on the first \$4,000 of net income a tax of 4 per cent is to be levied, while on any amount above that sum the tax is to be 8 per cent; a surtax of 1 per cent on incomes between \$6,000 and \$10,000 rises thereafter to a maximum of 55 per cent on incomes above \$1,000,000; exemptions of \$1,000 are permitted to single and \$2,500 to married persons, with an additional \$400 for each dependent. Excise taxes have been levied on a variety of objects, mostly in the class of luxuries; stamp taxes fall on many types of documents, telephone and telegraph messages, admissions, bank checks, and so on. An increase in postal rates is expected to bring in added revenue amounting to \$160,000,000. The tariff items also will produce a small amount of revenue.

In spite of the vast sum which it is estimated the revenue bill will bring to the treasury, balancing of the budget rests upon enactment of appropriation bills which will reduce Federal expenditures by approximately \$238,000,000. Attempts in the House to enact an omnibus economy bill were not very successful (see *JUNE CURRENT HISTORY*, pages 328-329), and the bill which was sent to the

Senate on May 4 provided for estimated savings of only \$30,000,000.

During succeeding weeks a Senate bi-partisan committee considered various devices to reduce government expenses, and on June 1 the Appropriations Committee made its report. The most important recommendation was for a general salary reduction of 10 per cent for all Federal employes, an obvious, but uneconomic, method of lowering expenditures. The bill also provided for economies totaling about \$48,000,000 in outlays for war veterans. On June 4 the Senate accepted the principle of the 10 per cent pay cut, but with an exemption for all salaries of \$1,000 a year or less. Senator Moses, however, forced a vote upon the President's proposal of a thirty-day furlough without pay instead of the 10 per cent cut—a move which was successful although it further decreased the amount of the hoped-for economies. The attempt to reduce veterans' expenditures was defeated on May 27 by a vote of 63 to 14. The bill as passed by the Senate on June 8 carried total savings estimated at between \$134,000,000 and \$156,000,000.

While the economy bill was before the Senate consideration of individual department appropriation bills was halted. But the House has passed all important appropriations, the last measure to run the gauntlet being that of the War Department, which emerged shorn of \$4,400,000 from the department's own estimates. The chief economy achieved by the House was the dropping of 2,000 officers from the rolls, although this was later rejected by the Senate. If the economy bill, when finally passed by Congress, does not provide for sufficient savings to complete the work of balancing the budget, the amounts needed to meet the discrepancy will probably have to be found by chipping the individual appropriation bills.

In reality the budget cannot be

balanced, because the return from the new taxes is predicated on an economic stability that is non-existent. Senator Glass of Virginia, who is no blind partisan, said on June 9 that Federal Treasury estimates were "so inconceivably awry as to make intelligent revenue legislation impossible * * * Because of the vacillation and lack of foresight and courage of the Republican Executive, I predict that when Congress adjourns we will not have come within \$1,000,000,000 of balancing the budget."

The final task of importance before the present session of Congress is to enact some sort of unemployment relief. During the past months the unemployment situation has grown steadily worse, both in the number of persons out of work and in the adequacy of the relief extended. (See article "The Unemployment Crisis" on pages 411-416 of this magazine.) Although the question of relief is threatening to become a political issue, the administration at last has come to admit the need for Federal aid.

It is a poor Representative or Senator who has no plan for unemployment relief, but three principal proposals emerged from the welter of recommendations and controversy.

On May 12 President Hoover asked the Democratic and Republican leaders of the Senate to propose a three-point relief program: (1) The Reconstruction Finance Corporation to be authorized to issue an additional \$1,500,000,000 in debentures to be advanced to States for general relief measures, to aid agricultural exports, and to provide loans for assured and reproductive enterprises of private business; (2) State bonds and securities which cannot otherwise be floated to be purchased by the R. F. C., so that the proceeds of the sale of these securities can be used for unemployment relief; (3) the R. F. C. to lend funds for self-liquidating enterprises such as toll bridges and so forth. The

President's plan aroused little enthusiasm in Congress and was characterized by some financiers as a "colossal blunder."

The day before the President's plan was made public, Senator Robinson, Democratic floor leader, spoke in the Senate in favor of the issue of government bonds to the amount of \$2,300,000,000 which would aid States and municipalities in extending relief and which would provide funds to be spent on self-liquidating and profit-making enterprises. Senator Robinson's proposal received the approval of Owen D. Young and former Governor Alfred E. Smith.

On May 25, Senator Wagner introduced in the Senate a Democratic relief bill providing \$2,300,000,000 for immediate State loans for unemployment relief, Federal works and for self-liquidating enterprises. As some of the funds are to be administered and raised by the R. F. C., the plan embodies some of the proposals made earlier by President Hoover; Senator Robinson's ideas also played a part in shaping the bill. Meanwhile, Speaker Garner in the House had sponsored a relief measure based largely on the sale of bonds. His bill proposed that \$100,000,000 be given the President for use as an emergency fund; that \$1,000,000,000 be advanced for relief projects by States and private corporations; that \$1,000,000,000 be expended upon public works.

About all these proposals fierce controversy raged. President Hoover assailed the Garner plan as "the most gigantic pork barrel ever proposed to the American Congress" and as "an unexampled raid on the public treasury." Speaker Garner in retort accused the President of inconsistency and said: "The Democrats did not expect to receive any real cooperation from the President in any matter benefiting the masses and those who might be termed the middle class of the American people." President

Hoover a few days before, in a letter to the president of the American Society of Civil Engineers, had stated his vigorous opposition to any unemployment relief measure based upon a Federal bond issue for public works. His statements about the means of raising funds for relief brought into the fray ex-Governor Alfred E. Smith, who accused the President of theorizing and evading the real issue. Mr. Smith declared: "What is more important is the main thing overlooked by the President, and that is the need of finding immediate productive employment for millions of people. This problem transcends all technicalities, all hair-splitting and all fine-spun theories of financing." In hearings on the Garner and Wagner bills, Secretary Mills and Secretary Hurley denounced the former and disagreed with portions of the latter.

The President's relief plan which had been made public early in May was introduced in the House and Senate in separate bills at the beginning of June. On June 5, after a conference between the President and the members of the R. F. C., at the Rappahannock camp, an official statement was issued from the White House in support of the plan as a way toward "speedy economic recovery."

Under special rules limiting debate, the Garner relief bill was rushed through the House and passed on June 7, by a vote of 216 to 182. Meanwhile, the bills embodying the President's plan which had been introduced in both the House and the Senate received unfavorable committee reports. On June 10, a bill providing for loans to the States by the R. F. C. amounting to \$300,000,000—which had been lifted from the original Wagner proposal—was passed by the Senate.

One of the most irritating and embarrassing problems of the present Congressional session is the struggle to obtain immediate payment of the war veterans' adjusted compensation

certificates. Although the Patman bill providing for payment was reported unfavorably by the House Ways and Means Committee on May 6 (see *JUNE CURRENT HISTORY*, pages 229-230), and seemed to be strangled by the red tape of House procedure, supporters of the measure continued to fight for a definite vote. After other tactics failed, sponsors for the bill industriously set about securing signatures to a petition which would discharge the Rules Committee from a request to report the bill, in spite of the adverse committee report upon it, and thus automatically bring the bill to the floor of the House. On June 4 the 145 signatures necessary to discharge the committee were obtained and a vote on the proposed bonus legislation seemed assured.

But in the meantime a new situation had arisen. As the result of continued protests throughout the nation against the mounting cost of payments of one sort and another to the veterans and the realization that a small section of the people was raiding the national treasury successfully, public opinion was turning against further gifts to the veterans. Among the ex-servicemen themselves there was a revulsion of feeling on the question of government payments to former soldiers. The National Economy Committee, an organization consisting for the most part of war veterans and of which Archibald B. Roosevelt is secretary, petitioned President Hoover on May 5 for the elimination from the national budget of more than \$450,000,000 now being spent for veterans' relief. The petition set forth that veterans' relief had become "a vast legalized racket" and a "subsidy for a favored class."

A most serious aspect of the agitation for bonus payment has been the march of war veterans on Washington to force action by Congress. From all sections of the country small groups have been moving toward the capital, marching, traveling by trucks, riding in freight cars and at times

even attempting to seize trains when railroad officials refused to provide free transportation. Apparently Communist elements have been among the "bonus marchers," but the leaders of the demonstration have endeavored to purge the ranks of any Red elements that might be present. By June 10 over 9,000 men were in Washington, encamped on the edge of the Potomac, living on reduced rations and presenting a grave sanitary problem to the city. At that time the movement had been notably free from disorder and the only purpose of the men seemed to be "to get the bonus and to stay here [Washington] until we get it." Nevertheless, the situation is not without its perils to orderly government and to social stability.

BILLS PENDING

Besides a host of minor bills, many of which will never reach the floor of Congress, several important measures are still pending in the House or Senate. Foremost is the Glass banking bill, which was pushed aside in favor of the tax bill. Whether or not the Glass bill, which has aroused much hostility among bankers but which is favored by many of the best economists of the nation, will receive consideration in this session of Congress is not clear, but the chances are not bright. Another measure relates to the question of inflation. The Goldsborough bill, which seeks to stabilize the dollar at the average purchasing level of 1921-1929, has passed the House, but has been displaced in the Senate by a bill introduced by Senator Glass which proposes to make all government bonds available for temporary currency inflation. The Glass bill is frankly a device to prevent the passage of the Goldsborough measure. Other bills which are pending are the Steagall bill, creating a guarantee fund of \$400,000,000 to protect depositors of distressed financial institutions; a home-loan bank bill, a bill providing for the leasing of the Muscle Shoals property to any organization other

than a power or distributing company, and the Hale naval bill, providing for the building of the navy up to the strength prescribed by the Washington and London treaties. Some sort of agricultural relief bill is certain to receive attention before the adjournment of Congress, but whether it, or any of these other bills, will be given favorable consideration is questionable.

Presidential vetoes have not been frequent this session nor of particular importance, except in the instance of Mr. Hoover's veto of the Democratic tariff bill (see May CURRENT HISTORY, page 209), which was sustained in the House by a vote of 178 to 166. President Hoover has also vetoed a bill which proposed giving certain classes of civilians the same privileges of hospitalization and of soldiers' homes as are enjoyed by soldiers and sailors.

THE PARTY CONVENTIONS

The Republican convention, which was scheduled to convene on June 14, was certain to be a dull affair. The party's candidate and most of its platform could be foreseen in advance. President Hoover's name was to be placed in nomination by Joseph L. Scott of California, but whether Vice President Curtis would be renominated was still in doubt. About the only excitement in the Republican camp in the weeks before the election was the announcement that Senator Borah would avoid the convention—a fact that might indicate half-hearted support of the President by the Idaho Senator—and a speech by W. Irving Glover, Assistant Postmaster General, in which he told Missouri postmasters to “get out on the firing line” for the President or to resign. His speech caused a flurry among liberals and civil service reformers and brought forth attacks upon him in Congress. If the Administration rebuked this ardent supporter, the public was not told.

The Democratic convention, which was to assemble in the Chicago Coli-

seum on June 27, after it had been vacated by the Republicans, promises more excitement. The party's candidate is still in doubt, although the managers for Governor Roosevelt claim 691 votes for their candidate, which is within seventy-nine of the two-thirds majority needed to nominate. That figure, however, may be too optimistic. With the definite avowal by Owen D. Young on May 16 that he could not accept the Democratic nomination if it were extended to him, the principal dark-horse candidate seems to be Newton D. Baker of Ohio. The strength of ex-Governor Smith, Speaker Garner, Governor Ritchie and others is probably too slight to amount to much in the final balloting.

Factional strife becomes more intense within the Democratic party. The keynote speaker chosen by the Roosevelt forces is Senator Barkley of Kentucky, who supported the move to place tariff items in the recently passed tax bill—a fact which embarrasses his party considerably. The Roosevelt group has favored Senator Walsh of Montana for permanent chairman of the convention in spite of a “promise” to Jouett Shouse, executive chairman of the party, that the post was his. Mr. Shouse has accused Governor Roosevelt of breaking faith in this matter, and this accusation foreshadows a bitter struggle between the Roosevelt and anti-Roosevelt forces in the convention.

The position of Franklin D. Roosevelt when the convention meets may be affected by developments in the Walker investigation in New York City; removal of the Mayor would injure the support of the Governor by Tammany, while a refusal to act would hurt the Governor among delegations from outside New York State. The Governor in his speeches has shown a liberal or demagogic attitude—depending on one's point of view—but has yet to take a strong enough position to gain the support of liberal

elements throughout the country or to alienate any but the most rock-ribbed conservatives.

Two of the minor political parties—the Socialist and the Communist—have already held their conventions. The Socialists in their convention at Milwaukee in the latter part of May nominated Norman Thomas of New York as their candidate for President and James H. Maurer of Pennsylvania for Vice President. The party's platform advocates Federal unemployment relief, State labor legislation of various sorts, abolition of child labor, increased income and inheritance taxes, socialization of power, banking and other industries. The party also demands recognition of Soviet Russia, American entrance into the League of Nations, disarmament and cancellation of war debts. The convention was enlivened by heated denunciation of the major American political parties, by debate over the insertion of a plank in the platform advocating repeal of the Eighteenth Amendment and by an apparent attempt to "Americanize" the leadership of the party. At Chicago, on May 28, the Communist party of America nominated William Z. Foster for President and James W. Ford, a Negro, for Vice President.

THE PROHIBITION ISSUE

Both major political parties have been harassed by the question of the prohibition plank they should insert in their platforms. May saw heightened agitation throughout the country for repeal or modification of the Eighteenth Amendment. Probably the most colorful episode was the great beer parade in New York City on May 15, when between 60,000 and 80,000 marched all day and into the night as a plea for the return of beer. One by one ardent drys have advocated some kind of national expression upon the question of prohibition, and on June 6 John D. Rockefeller Jr., an outstanding supporter of prohibition and one of the largest contributors to the

Anti-Saloon League, declared that the evils of prohibition had far outweighed the benefits and that he favored the repeal of the Eighteenth Amendment. As a result of the stand taken by leading men like Mr. Rockefeller and the unmistakable shift in public opinion throughout the country upon the subject of prohibition, both parties are faced with the necessity of declaring their position.

For the Democrats the problem is not embarrassing since the party has come to be associated with the wet cause and inserted a wet plank in its 1928 platform. Moreover, the leading candidates for the Democratic nomination are known to favor repeal or drastic modification.

To the Republicans the dilemma is more real. Although President Hoover has avoided any clear-cut expression of his own views on prohibition, he has seemed to favor it and, in any case, has had the steady support of the nation's drys. In the party are several supporters of prohibition, notably Senator Borah, whom it would be dangerous to alienate. For several weeks before the assembling of the Republican convention the leaders of the party and President Hoover held many conferences on the character of the prohibition plank to be adopted. Apparently, if reports issued before the plank was made public were accurate, the party would advocate "tepid resubmission" of the Eighteenth Amendment to the nation.

THE PLIGHT OF BUSINESS

The economic condition of the nation continues to be dismal. Foreign trade for the first quarter of 1932, according to a report issued by the Department of Commerce in May, was the lowest in twenty years. Exports were valued at \$460,000,000—35 per cent below the total for the same period in 1931—while imports were \$398,000,000—a 30 per cent decline from the first quarter of last year. Figures for April showed a still further drop. Meanwhile the growing

Treasury deficit—on June 3 it had passed \$2,700,000,000—and the Congressional delay in passing the tax bill caused a large withdrawal by Europeans of capital invested in the United States. As a result of the Federal Reserve policy of purchasing government securities (see June CURRENT HISTORY, page 333) gold exports rose steadily until by June 8 approximately \$400,000,000 in gold had left the country since April 6. Much of the loss could be attributed to the policy of the Federal Reserve and fear both of foreigners and Americans for the safety of the gold standard in America.

The several attempts to pump credit into American business, of which the Federal Reserve purchase of government securities is one, have proved disappointing. Credit is available, but apparently no one wants it, and banks, moreover, are chary of lending. Another attempt is being made by a group of twelve industrialists and bankers led by Owen D. Young, but exactly what they are to do has not been made clear. A leading financial paper referred to the group as the "Twelve Apostles," whose task is to "do something." Early in June it was announced that a pool of \$100,000,000 had been subscribed by twenty leading New York bankers for the purchase of bonds and other securities in an effort to prevent further liquidation of investments and to provide backbone for the bond market.

Possibly in the long run all these efforts of business men to stabilize economic life will have weight, but at present there is little indication of the fact. Stock prices have fallen steadily during the past month, commodity price indices fell week by week during May, and food prices have reached nearly the level for 1913. In May the United States Steel Corporation reduced wages and salaries by approximately 15 per cent—giving a temporary fillip to the stock market—and many other industries have made

drastic wage cuts. Employment has fallen off steadily and in April showed a drop in industries of 2.7 per cent from the preceding month. Possibly unemployment would be less if the more than 2,000,000 children whom the census of 1930 showed to be gainfully employed were in school or at home.

Probably without the aid extended by the Reconstruction Finance Corporation our present economic plight would be worse than it is. Between Feb. 2, when the R. F. C. began its work, and April 19, the corporation authorized loans to railroads, banks, etc., which totaled \$370,437,000; by June 6 the figure had reached \$700,000,000. During the first four months of its existence the R. F. C. advanced \$176,587,265 to railroads—the largest single amount being \$32,500,000 to the Baltimore & Ohio. Banks received even greater sums, and substantial loans were made to the farmers through the Department of Agriculture. On June 6 Charles G. Dawes resigned as president of the Reconstruction Finance Corporation in order to re-enter the banking business in Chicago. In his letter of resignation he said: "The work of the Reconstruction Finance Corporation is now well on its way with loans already authorized for about \$700,000,000, and its operations are now properly systematized and effective."

Loans made by the R. F. C. to farmers serve further to reveal the sorry plight of agriculture. On May 8 the loans for the entire country averaged 1 for every 15 farmers, but in North Dakota the proportion is 1 to every 2.3 farmers and in South Carolina 1 to every 3. During the past five years farm mortgage foreclosures for the Central States ranged from 100 to 125 for each 1,000 farms; South Dakota had 237.9 foreclosures for every 1,000 farms, Minnesota 163.4, Georgia 129 and South Carolina 150.9. A similar story is told by the figures of farms lost for tax delinquency.

Mexican Blow at Property Rights

By CHARLES W. HACKETT

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MEXICO has been considerably perturbed by the passage and operation of a recently enacted law in the State of Hidalgo which makes private property liable to purchase "for public utility" upon payment of 3 per cent of its value—twenty years being allowed for the payment of the other 97 per cent. In addition, the measure provides that if the State government decides after several years of control that a property is not suitable as a "public utility," it may be returned to the private owners, who must reimburse the State for all payments made in connection with the expropriation. Under the law, the term "public utility" would apply not only to public services but to natural resources, industrial and commercial establishments or any other property "tending to benefit the State or its residents," in the opinion of the Governor of the State.

The first application of the law was made on May 25 when Governor Lugo of Hidalgo ordered the seizure of the French-owned Cruz Azul Portland Cement factory in Tula and turned it over to the workers. This factory, the largest cement works in Mexico, had an assessed value of 1,103,232 pesos (more than \$300,000 at current exchange rates). Following the opening of other plants outside the State of Hidalgo by the same owners, the Tula factory had been closed for some time before its seizure, apparently because of the high cost of materials. Recently a group of workers had offered to take over the plant, agreeing to pay 3 per cent of the purchase price down and the balance in instalments. The

offer was rejected by the owners, who would sell only on full payment. In his decree ordering the seizure, Governor Lugo declared that "by public utility should be understood the welfare not only of the State but of its subdivisions. Public utility exists only when it is for the collective benefit of the municipality, State or nation. Public interest is absolutely pre-eminent."

A vigorous attack had been made upon the law in a statement issued by José Cruz y Celiz, president of the National Mexican Chamber of Commerce, on May 15; he declared that "this is an assault against private ownership and a serious menace to commerce and industry." From Washington it was reported on May 25 that while the law was regarded as radical, the United States Government did not plan any action because of it, inasmuch as there had been no overt act against American property. On June 2 a similar law was enacted in the State of Vera Cruz.

MEXICO BREAKS WITH PERU

The severance of diplomatic relations with Peru by the Mexican Government was announced by Mexican Foreign Minister Téllez on May 14. This action followed a request by the Peruvian Government for the withdrawal of the Mexican Minister, Juan B. Cabral, and his staff from Lima because they had "intervened in the internal politics [of Peru] and served plans of communistic elements to disturb the public order." Minister Cabral and his staff left Lima on May 14 and Oscar Barrenechea y Raygadas, Peruvian Minister to Mexico, left Mexico City with his staff the follow-

ing day. Through the intervention of Spain, however, the trouble was settled, and on June 9 the two countries agreed to send new representatives to each other's capital.

MEXICAN FISCAL LAWS CHANGED

Drastic changes in Mexico's monetary legislation were provided in a Presidential decree issued on May 19. All branches of foreign banks must henceforth work in association with the Bank of Mexico—the nation's sole bank of issue—in strict accordance with a decree of April 12 which converted the Bank of Mexico into an institution similar to the United States Federal Reserve Bank. Foreign banks are henceforth prohibited from receiving savings deposits, acting as trustees and issuing cash or mortgage bonds. The total of sight and term deposits received by the foreign banks in national currency, unless represented by cash or deposits in the Bank of Mexico, must be invested in operations consistent with their classification according to Mexican law. The capital of foreign banks shall be represented by cash, national currency or credits payable within the country and by the personal effects or real estate pertaining to their establishments. The branches shall always keep at their disposal within Mexico all the securities constituting their capital and reserve fund. Foreign banks coming under the jurisdiction of this decree were given thirty days to buy the necessary shares in the Bank of Mexico.

ANTI-CHURCH CAMPAIGN IN MEXICO

Punitive and repressive measures against the Catholic Church and its priests in various States in Mexico were frequent during May. Charged with unlawful criticism of the Mexican Constitution and laws and with making grave accusations against the Mexican Government in a pastoral letter issued at Laredo, Texas, Mgr. José Manrique y Zárate, Bishop of Hidalgo,

was early in May declared under technical arrest, though he was still at Laredo. A bill limiting the number of Catholic priests in the State of Michoacán was passed by the Legislature of that State on May 16. The bill also prohibits any archbishop, bishop or papal delegate from officiating in Catholic ceremonies; this automatically forbids Archbishop Ruiz y Flores of Michoacán, who is also papal delegate to Mexico, from officiating in his own State. A law passed by the State of Mexico on May 25 fixed the number of Catholic priests in that State at thirty-four—two priests being permitted in each district of the State and four in Toluca, the capital. The superseded law had permitted 150 priests. Since the new law was not observed, the churches were closed on June 1. Similar legislation was enacted in the State of Orizaba, and it was reported on May 30 that only a few churches remained open in the city of Orizaba.

REBELS IN NICARAGUA

Following frequent clashes between Nicaraguan rebels and Nicaraguan national guardsmen during the first three weeks of April, martial law was declared on April 27 in the three Atlantic Coast departments of Nicaragua, in the department of Esteli, and in ten districts of the departments of León and Chinandega. On April 25, forty-five guardsmen, commanded by three United States Marine officers, had made a surprise attack upon the main camp of Augustino Sandino, the rebel chieftain, and Florencio Silva, Sandino's chief aide, and nine other rebels were reported to have been killed. Sporadic fighting continued during May.

ELECTION IN PANAMA

Harmodio Arias was elected President of Panama on June 5, securing a substantial majority over his opponent, Francisco Arias Paredes. Dr. Arias has thus gained by regular election the office he held in January, 1931, between the overthrow of the

Arosemena régime and the installation of the present Chief Executive, Ricardo Alfaro.

NEW GOVERNMENT IN COSTA RICA

On May 8, for the third time in his career, Señor Ricardo Jiménez Oreamuno became President of Costa Rica, by virtue of his election by the Costa Rican Congress a week earlier.

UNCONSTITUTIONAL CUBAN LAWS

The Presidential decree of July 1, 1931, which closed the University of Havana and suspended the salaries of faculty members was held unconstitutional by the Cuban Supreme Court on April 26. This decision forced President Machado to prepare a decree for the opening of the university and the restoration of the accumulated salaries of the faculty, which have not been paid since July 1, 1931. A second Supreme Court decision, on May 14, held unconstitutional the law enacted by Congress on Feb. 16 which placed civilians charged with violations of the explosives act in the hands of military tribunals. The decision will rescue all university students awaiting trial from the jurisdiction of the military courts, and will void the eight-year sentences imposed on April 26 on the three university students in whom Senator Borah has been interested. These students will win their appeals before the Supreme Court, and then be turned over to the jurisdiction of civilian courts.

The appointment as Secretary of State of Dr. Orestes Ferrara, Cuban Ambassador at Washington, was announced by President Machado on May 11. Dr. Ferrara's tenure did not begin until June 1, and during the interval Dr. Octavio Averhoff, Secretary of Justice, held both portfolios. The President also announced on May 11 the appointment of Lieut. Col. Miguel de Cespedes as Secretary of

Health to succeed Dr. Rodríguez Barahona, who resigned to be a candidate for the Senate from the province of Camaguey.

Official observance of Cuba's thirtieth anniversary of independence on May 20 was limited to a brief ceremony at which the title of adopted son of Havana was conferred upon President Machado by the Central District of Havana. On the same day the President reduced the sentences of about 200 prisoners and granted liberty to others. During the period immediately before the anniversary a number of revolutionary plots were uncovered and some 85 suspects were arrested. On May 23, ex-President Mario G. Menocal, one of the leaders of the abortive revolution of last August, took refuge in the Brazilian Legation, following the arrest of Colonel Carlos Mendieta and Colonel Alberto Médez Penate, two of his associates in the attempted coup. The three men were charged with being involved in a new revolutionary plot, and Médez Penate was imprisoned in the Isle of Pines penitentiary, where he remains at the time of writing, despite a writ of habeas corpus issued by the criminal section of the Audiencia Court of Havana. The warden of the penitentiary refused to deliver his prisoner to the civil authorities under any circumstances. Menocal, it will be recalled, was but recently pardoned for his previous revolutionary activity.

After a Cabinet meeting on June 9 it was stated that the total of the Cuban national budget for 1932-33 would be about \$50,000,000, a reduction of \$10,000,000 compared with that for 1931-32. It was expected that the deficit for 1931-32 would amount to \$9,000,000. The interior floating indebtedness of the republic, which is steadily increasing, is estimated to be more than \$50,000,000.

Chile in a New Revolution

By HENRY GRATTAN DOYLE

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THE government of President Juan Esteban Montero of Chile was overthrown on June 4 as the result of a comparatively bloodless revolution which placed a junta headed by Carlos G. Dávila, former Chilean Ambassador to the United States, in control, temporarily at least, of Chilean affairs. Dr. Dávila had returned to Chile upon the downfall of the Ibáñez dictatorship in July, 1931, and resumed his former career of journalist. In March he was arrested on charges of conspiring against the government, but released. His arrest was again ordered in April, but as he was in hiding the warrant was never served. Meanwhile he issued a long manifesto advocating State socialism for Chile. Then suddenly on the signal being given for the uprising, from being a political agitator "wanted by the police" Dr. Dávila became a dominant figure of the new régime. His dominance was brief, however, for on June 12 he was forced out of the government, apparently because his principles were too moderate for his fellow-revolutionaries. His successor, named next day, was Rolando Merino.

The government which the new so-called Socialist republic displaced had lasted exactly six months. During that period President Montero, who had had no desire for the office, wrestled courageously with Chile's economic problems to the accompaniment of a ceaseless agitation which "bad times" so often encourage. A threatened May Day uprising by radical elements did not materialize, but the President was obviously losing some of the general support he at first enjoyed. Cabinet

changes had little effect, while the election as Senator of Arturo Alessandri, his unsuccessful opponent for the Presidency, indicated a trend toward the Left. In a last effort to save the government, President Montero is reported to have offered to appoint Alessandri as Premier and Minister of the Interior. Alessandri at any rate acted as Montero's emissary at the outset of the revolt and went to the insurgents with an offer by Montero to resign on condition that César León, the Vice President, should be permitted to succeed him in accordance with the Constitution. The revolutionary junta rejected the offer and President Montero had to capitulate. At this writing he was said to be a refugee in the Argentine Embassy, following an unsuccessful effort on June 9 to escape with his family by airplane to Argentina.

President Montero undoubtedly made mistakes, but primarily he fell before obstacles which only a superman could have overcome. His sincerity and courage—the latter demonstrated by his veto in April of the monetary bill because it contained a provision unfair to public utility companies chiefly owned by foreigners—deserved a better fate.

The revolt which brought the new government into existence broke out at the aviation school at El Bosque, ten miles from the capital, and the insurgents advanced on Santiago in trucks, escorted by airplanes. Other military units and the 18,000 carbiners, a well-organized force of national military police established by former President Ibáñez, remained

neutral. The air corps, which had been the chief factor in putting down the spectacular revolt of the Chilean Navy in September, 1931, constituted the chief support of the revolutionists. The government doubtless knew of the disaffection in the air corps, for Colonel Ramón Vergara, brother of General Carlos Vergara, "strong man" of the Montero government, had been sent to El Bosque on June 3 to replace Colonel Marmaduke Grove in command of the corps. Colonel Vergara was held as a prisoner by the rebels and Colonel Grove led the advance on the Presidential Palace. President Montero withdrew before the show of force but refused to resign.

The junta, consisting of Dr. Dávila, General Arturo Puga and Eugenio Matte, appointed the following Cabinet, which was sworn in on June 6, the day on which the Congress was dissolved:

LUIS BARRIGA (Conservative)—Foreign Affairs.

General ARTURO PUGA—Interior.

ALFREDO LAGARRIGUE (Independent Progressive)—Finance.

Commander MARMADUKE GROVE—Defense.

EUGENIO GONZALEZ (Communist)—Education.

VICTOR NAVARRETE (Industrialist Progressive)—Public Works.

GUILLERMO AZOCAR (Radical)—Agriculture.

CARLOS MARTINEZ (Socialist)—Lands and Colonization.

RAMON ALVAREZ (Socialist)—Social Welfare.

OSCAR CIFUENTES (Communist)—Health.

PEDRO FAJARDO (Democrat)—Justice.

Dr. Dávila, in a statement on June 6, after declaring that the "prevailing policy" of the new government was Socialist, said that "the new government has not contemplated drastic measures far removed from the past practices of most affairs of state. In this respect international relations will be maintained as hitherto, with an endeavor to improve without exception the spirit of good-will and understanding. No changes of importance are considered, except to foster

international understanding between countries. It is probable that Soviet Russia will be recognized. * * * There is no truth in reports persistently published in certain newspapers that the government will expropriate sterling and other deposits in private accounts in banking institutions here at a fixed rate of exchange with Chilean paper money. No expropriation of any kind is contemplated. Bank deposits and other property will be perfectly safe and unharmed by the new conditions in the political field."

In a further statement to the press Dr. Dávila declared: "I believe it would be impossible for Chile to arise from the present depression under the capitalistic system. It is therefore necessary to modify that system by progressive State socialism. I believe the capitalistic system is dying and that the only hope for Chile is fiscalization [nationalization] of many industries, distribution of food, &c. We have no intention of molesting private property, either Chilean or foreign. Contracts, &c., will be respected as they always have been. The foreign debt situation stands as it always has stood. Of course, to socialize to the extent we contemplate it will be necessary for authority to be in the hands of the junta. Congress will be dissolved. I believe that to improve the condition of the masses it is necessary to impose collective economy, parallel to a private economic system."

In spite of the pledges already quoted and similar statements by General Puga and Finance Minister Lagarrigue, the new government on June 9 actually did expropriate foreign deposits by a decree declaring as the property of the State all credits and deposits in foreign currency in Chilean banks, announcing that the government would deposit in the national savings bank the equivalent in pesos (apparently at the rate of 16.50 pesos to the dollar) from new issues of currency by the Central Bank, which was renamed the State Bank by the junta. At the same time with-

drawals were limited to a maximum of 3,000 pesos (about \$180) each ten days. The government likewise took over the Viña del Mar Sugar Refinery Company.

Opposition to an expropriation policy was expressed by the National City Bank of New York, and United States Ambassador Culbertson was reported to have informed the diplomatic corps that he had "made representations" to the government on the matter. Great Britain was expected to adopt an attitude similar to that of the United States, inasmuch as the two countries, the chief foreign investors in Chile, have investments said to amount, at normal price levels, to about \$1,000,000,000.

A surprising feature of the new situation was the part played by Dr. Dávila. As Ambassador to the United States he faithfully represented the absolutist Ibáñez régime and did much to encourage foreign capital to invest in Chile. He was active in the negotiations leading to the formation of Cosach, the nitrate trust, in which the Chilean Government and foreign investors were equal partners. He ardently advocated economic cooperation between the United States and Chile and defended American economic penetration in the South. In a speech on "North American Imperialism," delivered in Santiago on July 6, 1930, during a visit home while Ambassador to the United States, he said: "To refuse the assistance of foreign capital and technique in that first stage of our economic development would be just the same as giving up all hope of creating our own capital resources which would allow us in time to achieve a real economic independence and even the rôle of financial expansion abroad." It was, no doubt, on his record as the outstanding Latin-American advocate of economic cooperation with the United States that Columbia University and the University of Southern California conferred on Dr. Dávila the honorary

degree of Doctor of Laws, and his brief rôle in the new government shows that he has probably not changed his convictions, although he may temporarily have yielded on certain points as a matter of expediency.

Another curious aspect of the situation was the temporary alliance of Marmaduke Grove, bitter opponent of the Ibáñez régime, with Dr. Dávila, one of its supporters. Grove was the leader of a revolutionary fiasco at Concepción in September, 1930, and he is now said to be the most radical member of the junta and to be dictating the policies of the new government. If that is so, his dominant position is a guarantee against the return of Ibáñez, the former dictator, which some opponents have alleged is the real purpose of the junta. The hold that Ibáñez still has on the army and military police, in any case, should not be lost sight of, for he may ultimately be a threat to the new régime. There is danger, too, in the attitude of the professional classes, the chief supporters of constitutional methods, who paraded in protest against the revolution in Santiago on June 6 and were dispersed by military police, and of the university students, who promptly initiated a strike against the new government. The students, however, have apparently been appeased by the government's decision to place the administration of the University of Santiago in the hands of a committee of three professors and three students.

The working classes are apparently supporting the new government, but it is problematical how long the radical labor element can be controlled. On June 8 a mass meeting of 5,000 unemployed demanded that the exclusive Club de la Unión be given to the proletariat as a social gathering place. On the same day it was reported that councils of workers had taken over the administration of Chilean savings banks.

The anti-religious note was introduced by reports that on June 6 nuns

were being expelled from their convents in Santiago and that the religious orders would be dissolved. This was denied by Dr. Dávila.

The position of the new government is precarious. Its sudden accession to power had some of the aspects of a barracks revolt, and it suffers from not having had an opportunity to demonstrate how much popular support it enjoys. Reports of counter-revolutionary activities, though denied by the junta, indicate that it will have plenty of difficulties to cope with. Then there is the further disadvantage, common to all régimes that rise to power with a radical program, of having to steer between ever-increasing proletarian demands and professional and middle-class interests. The majority of Chileans—by tradition individualists—are not fundamentally sympathetic to Communist or even advanced Socialist ideas. Only under terrific pressure of economic stress are they, or the people of any other South American country, likely to submit to a program of State socialism or to perpetuate such a system, even as a remedy for their almost hopeless economic situation.

NAVAL REVOLT IN PERU

A revolt of crews of two Peruvian naval vessels, the *Almirante Grau* and the *Coronel Bolognesi*, on May 8, allegedly under Communist or Aprista auspices, developed into a comic opera affair similar to the recent naval revolt in Ecuador and the Chilean naval revolt of last year. Sailors on leave were prevented from rejoining the two ships when news of the projected revolt leaked out, and the vessels, unable to sail with depleted crews, quickly surrendered when submarines trained their guns upon them, airplanes dropped a few bombs and army forces with machine guns were stationed on shore near their anchorages. A few days later eight of the leaders in the revolt were shot and a number of others were sentenced to

terms of ten to fifteen years' imprisonment.

Víctor Raúl Haya de la Torre, leader of the Apristas, was arrested on May 6 and ordered by the court on June 1 to be held in Lima Penitentiary on charges of "plotting against the State," no time for his release being set. His arrest led to the breaking off of relations between Peru and Mexico, when Peru requested the recall of Juan Cabral, the Mexican Minister, and the entire legation staff, on charges of "intervention in internal politics," apparently because of Cabral's friendship with Haya de la Torre.

Peru and Argentina, according to the Bolivian newspaper *Ultima Hora* of La Paz, may expect before long Socialist movements like that which triumphed in Chile. Representatives of the Peruvian Apristas do not seem to agree as to whether their organization is purely Peruvian or internationalist in its aims. While Dr. Héctor A. Morey was denying in *La Prensa* of New York any "foreignizing" tendency, Alejandro Rojas Zevallos was predicting that within sixty days a revolution would take place in Peru similar to that in Chile.

Peru on May 14 abandoned its effort to maintain the gold standard, and on May 29 the Finance Minister introduced a bill to reduce the gold backing of the sol from about 98 per cent to 50 per cent, with a corresponding increase in the silver and marketable paper backing.

ELECTIONS IN PARAGUAY AND BRAZIL

Eusebio Ayala was elected President of Paraguay on May 8. Nominated by the Liberal party, he was the only candidate. Dr. Ayala, a former Minister to the United States, Cabinet Minister and professor in the National University, will take office for a four-year term beginning on Aug. 15.

Provisional President Getúlio Vargas of Brazil on May 14 signed a decree calling for the election of a Constitutional Assembly on May 3, 1933.

The Anglo-Irish Dispute

By J. BARTLET BREBNER

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ON June 6 it was announced that President de Valera of the Irish Free State had invited the British Government to negotiate with his government on the matters in dispute between them. J. H. Thomas, Secretary for the Dominions, and Viscount Hailsham, Secretary for War, immediately left for Dublin, where they had preliminary conversations with Mr. de Valera. The Irish President himself called at 10 Downing Street on June 10, but hours of argument were of no avail, and when the conferees parted, the Anglo-Irish deadlock was as great as ever.

Mr. de Valera's decision to open negotiations displeased extremists on both sides; the advocates of Irish independence were chagrined that he had reversed his decision not to visit London "under any circumstances," and the die-hard English Tories regretted losing the chance to punish the Free State by abolishing tariff preferences. On the whole, Mr. de Valera's move represented a triumph for the British view that one party alone ought not to repudiate a bilateral agreement such as the treaty of 1921, but its real basis was the obvious necessity of clearing away difficulties before the opening of the Ottawa Conference.

During May Mr. de Valera's position had become quite difficult, although he and his Cabinet did not publicly moderate their stand on the question of either the oath or the annuities before the announcement of June 6. The unamended oath bill passed its third reading by 77 votes to 69 in the Dail on May 19. In the

Senate it passed first and second readings without division, but in committee on June 8 the Senate rejected a vital section of the bill. By the unexpectedly large majority of 33 to 22 the government's proposal was amended by a provision for settlement by agreement with the British Government instead of by one-sided legislation. The oath bill thereupon went back to the Dail in its new form, its first section removing the oath from the Constitution and its second section suspending operation of the measure until an agreement is reached with Great Britain. The Dail was thus placed in the position of having to reject the bill, in which event a delay of eighteen months would be the only alternative to holding a general election as soon as possible.

The budget which Finance Minister Sean MacEntee introduced on May 11 was another handicap. It staggered the country by raising the income tax (on £125 or over) from just under 16 per cent to 25 per cent. It taxed amusements of all kinds and increased a number of duties. In addition, the Minister made it clear that high tariffs and civil service salary reductions must be expected. On the same day Mr. Thomas had announced that if the Free State unilaterally repudiated the oath Great Britain would in the same way simply drop the tariff preferences when they expired on Nov. 15. Immediate results of this situation included the decision of individuals and industries to leave for England, grave anxiety on the part of both substantial business men and those whose small incomes were to be

heavily taxed, and also the farmers, who had not been concerned whether the Free State kept the annuities but who greatly feared the loss of English markets.

Thus, while there has been no question of Mr. de Valera's sincerity or courage, he has had to concern himself with the external consequences of his domestic policies. Ireland may some day become a self-contained economy. Indeed, there has been broad discussion in recent months as to the possibility of her becoming a quiet and peaceful agricultural country that would not try to keep up with the European tempo. Yet such a change must be gradual unless social and economic revolutions are positively invited. Mr. de Valera has announced his intention of going to Ottawa, and a halt to his precipitancy should improve the prospects of friendly consideration for Ireland's special problems.

BRITISH MONETARY PROBLEMS

Monetary policies calculated to cope with falling prices and stabilized wages were vigorously discussed in Great Britain during May. In spite of a cut in the Bank rate to $2\frac{1}{2}$ per cent on May 12 and very easy money in London, prices continued to fall until, for the week ending June 4, Crump's index was 60, that is, lower than the 60.5 of the Saturday before England abandoned the gold standard. A 25 per cent depreciation in the pound sterling and the creation of a tariff had not, therefore, effected a rise in prices. Most of the countries from which Great Britain makes large purchases had followed her off gold and it was obvious that unaided she could not send up even domestic prices except by inflation.

A substantial section (largely industrialist) of the Conservative majority favored inflation, but the government and the Bank of England were resolutely opposed. Using the new Exchange Equalization Account, they

combined their resources to keep the pound steady at \$3.68 to \$3.70. The May "flight from the dollar" made this difficult, and success was obtained at the price of buying about \$73,000,000 worth of gold in April and May and adding, between April 1 and May 21, about \$200,000,000 to holdings of foreign bills. The Treasury, it was presumed, reimbursed the Bank for its bookkeeping losses on these transactions. The British exporter had the satisfaction of a relatively steady currency.

Sir Robert Horne continued to demand further inflation and on May 25 he and L. S. Amery tried unsuccessfully to amend the equalization legislation so as to permit the Bank to buy silver. The whole world would like to check the fall in commodity prices and it was known that the Bank of England and the Federal Reserve Bank of New York were cooperating to make credit easier. It was reported that British emissaries were sounding out European response to cooperative policies, and in the last week of May, after several feelers, the British Government invited the United States to join in an international economic and monetary conference after Lausanne. The acceptance on condition that war debts, reparations and tariffs be excluded cooled British enthusiasm and hopes turned again to the Ottawa conference. It seemed certain that an imperial currency and bimetallism would be vigorously discussed there. In Great Britain increased support was given to proposals for a paper currency almost divorced from gold, backed by imperial credit and maintained in relation to commodity prices.

The statistics of foreign trade for April continued to show moderate improvement in relation to the balance of trade. Exports were £39,420,000 (£2,800,000 more than March, 1932, and £349,000 more than April, 1931). Imports were £53,480,000 (£7,639,000 less than March, 1932, and £16,540,000 less than April, 1931). The ad-

verse balance of £14,060,000 was £10,439,000 less than March, 1932, and about £17,000,000 less than April, 1931. The total volume, however, was discouraging. The unemployment figures for April showed an increase of 84,849 to 2,652,181, being 132,068 more than in 1931.

Neville Chamberlain on May 10 delivered an alarming speech in which he said that further economies might be necessary which "would involve changes in national policy which would go far beyond anything yet contemplated." He did not specify the possible causes, but observers suggested resumption of debt payments to the United States, miscalculation of income tax returns, currency and price difficulties and the increasing paralysis of international trade. The source of the economies was more obvious. All the social services and education are now under Conservative attack. Thousands of persons have been struck off the unemployment register and compelled to seek parish relief, the health services are being curtailed, old-age pensions face a reduction, and it is now proposed to raise the school entrance age from 5 to 6.

Two serious strikes threatened the country. In the northern counties 200,000 textile operatives voted to strike rather than accept a new wage agreement, but also to continue negotiations for a better one. The new coal mines bill introduced in Parliament on May 31 did not conform to the not yet ratified international agreement on a seven-hour day. The miners having now few representatives in Parliament, their leaders threatened to strike if the Conservatives exploited their advantage.

CANADIAN AFFAIRS

There was a marked absence of positive action in the Canadian Parliament during May. It was even announced that rather than engage in preliminary conversations with the British Government before the Ottawa

Conference the Canadian Government had preferred to withhold its plans. The Senate tried to purge itself of the taint of the Bauharnois scandal by censuring Senator W. L. McDougald and Senator A. Haydon very vigorously and Senator D. Raymond mildly. McDougald resigned, and it was expected that Haydon, who is ill, would be dropped for non-attendance. Prime Minister Bennett finally won from the Opposition a free hand for himself in relief policy. Assisted public works are being given up and direct public relief is gaining in favor. The committee report which recommended reduction in Canadian National Railway expenditures was adopted.

Mr. Bennett announced that the United States would facilitate the proposed new scheme of national radio broadcasting by a redistribution of channels. There was to be a chain of high-powered stations across the Dominion, supplemented by smaller stations. Acquisition of existing private stations and completion of the scheme were to be gradual and the system was to be self-supporting. Revenue was to be derived from the \$2 fee now collected for about 600,000 receiving sets and from advertising, which must not exceed 5 per cent of the programs. Control was to be vested in a board of three members.

As Parliament approached its recess it became obvious that the United States was about to erect a tariff that would exclude two more Canadian products, lumber and copper. During the last generation one Canadian enterprise after another has won a market in the United States only to lose it because of tariff measures. This policy has made Canada seek markets for her products elsewhere and is now driving her toward reciprocity agreements with other members of the British Empire. Last year she sent \$15,000,000 worth of lumber and \$13,000,000 worth of copper to the United States, while Great Britain took most of her imports of

copper from the United States and lumber from Scandinavia and Russia. Now Canada will try to sell to Great Britain direct.

Canada's foreign trade during April was 33 per cent less than in 1931, but the adverse balance dropped from \$17,254,000 to \$2,818,000. Exports to the United Kingdom increased and to the United States decreased as compared with 1931, and imports from the United Kingdom held up better than those from the United States. There was a marked and encouraging rise in both value and volume of exports of foodstuffs, most notable in wheat and meats. Exports of copper were more than double those of April, 1931, and those of silver also increased.

Canadian dollar exchange was weakened by the heavy payments due in New York on June 1. The government appears not to have authorized sufficient shipments of gold to raise it. On June 7 the dollar stood at 86 cents in United States currency.

AUSTRALIAN LABOR DEFEATS

As the result of recent elections Labor is at present out of office in five of the six Australian States as well as in the Federal Government. J. A. Lyons, the Commonwealth Prime Minister, thus has almost complete support for the financial reconstruction scheme known as the Premiers' Plan. Victoria turned out its Labor Government and on May 14 gave Sir Stanley Argyle, State leader of the United Australia party, a majority of 29 in a House of 65.

The day before, J. T. Lang, Labor Premier of New South Wales, delivered himself into the hands of his old opponent, Sir Philip Game, the Governor, by insisting on unconstitutional procedure, and was dismissed. He was succeeded by B. S. B. Stevens, leader of the Opposition. It was necessary, however, for Mr. Stevens to hold an election in order to obtain a majority for his government in the Leg-

islative Assembly, and this, which took place on June 12, gave the new Premier a majority of 42, Labor being returned with but 24 seats instead of its former 55. Meanwhile, Mr. Stevens at once embarked on full cooperation with Mr. Lyons. He paid off £300,000 which was in default and was assured of assistance in meeting the £4,000,000 unpaid by the Lang government. Mr. Lang's cause was helped when the scholarly Justice A. B. Piddington resigned on May 20 because he held that the Premier's dismissal was unconstitutional. One of Mr. Lang's long-fought campaigns was ended on May 31 when the Judicial Committee of the Privy Council in London ruled that the Parliament of New South Wales could not abolish the Legislative Council of the State without a referendum.

In Queensland an election was also held on June 11. It resulted in the return of the Labor party under the leadership of William Forgan Smith.

The Australian trade balance has continued to be favorable, and was expected to amount to £35,000,000 for the current fiscal year. In terms of the total national economy, including its overseas obligations, this would mean a favorable balance of payments of £8,000,000 if the moratorium on war debts to Great Britain continued or of £3,000,000 if it did not.

DISTRESS IN NEW ZEALAND

Riots on May 10 and 11 in Wellington, the capital of New Zealand, involving 4,000 men lately employed on public relief works drew attention again to the misery of New Zealand. A public safety act has deprived discontent of organized expression, but unemployment has increased and taxation has been insufficient to cope with it. The relief camps where manual labor qualifies men for relief have not been successful. Unemployed women and youths under 21 are not registered for relief. The Cabinet has, as yet, announced no substitute for or

supplement to its inadequate and drastically enforced policy. On June 7 strikes broke out at the Westland and Waikato coal mines, and it was feared that the movement would spread to the docks and shipping.

NATAL'S SECESSION MOVE

The Province of Natal, which entered the South African Union in 1910 with the Cape of Good Hope, the Transvaal and the Orange Free State, now wishes to withdraw. The Afrikaner or Boer elements who dominate the Union Government and are strongest in the Transvaal and the Orange Free State are opposed. Natal objects to compulsory bilingualism, wants more local self-government through its provincial council and favors close cooperation with Great Britain. It prefers a loose African federation including the Rhodesias to the present close union. Much of its criticism has really been directed at General Hertzog and the present Nationalist Government. On June 2 a congress was held at Pietermaritzburg to plan methods to bring about secession.

INDIAN COMMUNAL STRIFE

The season of Muharram (the Moslem New Year) was this year again the occasion of Hindu-Moslem hostilities in Bombay. The trouble, which began on May 14 when Hindus beat two Moslem boys who had been bothering a storekeeper, lasted with little intermission until May 19, with a couple of sporadic outbreaks on May 20 and 30. The city was terrorized and when armed police proved unable to check the fighting, troops and armored cars were brought in. The casualties amounted to 157 killed and 1,660 injured, but there were no attacks on Europeans. Local observers declared that the strife was worse than in 1930, for there was an immense amount of looting and arson and also deliberate desecration of Hindu and Moslem temples. The trouble spread to Calcutta, but was there confined to one outbreak on May 17.

Two of the three investigating committees of the Round Table Conference have made their reports. On May 6 the Federal Finance Committee presented Federal and Provincial budgets as for 1935-1936, showing the incidence of taxation and distribution of expenditure. On June 2 the franchise committee presented its scheme. It proposed to expand the electorate from 7,000,000 to 36,000,000, including 6,600,000 women. Illiteracy was to be a bar to further extension, but the property test was to be lowered and the educational test based on an upper primary standard. Special provisions were devised to qualify 10 per cent of the propertyless, uneducated "untouchables" and for other depressed classes. The Nationalists received the report quite favorably; the Moslems were suspicious of not receiving the representation they demand; the Princes of the Native States were apprehensive of being outvoted in joint sessions of the Senate and Lower House; the financial authorities feared a five-fold increase in the cost of elections.

The repressive ordinance of Dec. 2, 1931, in Bengal, was replaced by a more moderate one on May 29, and this was believed to forecast general moderation in the light of recent success in checking the Nationalists. During the first four months of 1932, there were 44,754 convictions under the ordinances and at the end of April there were 32,524 in jail.

PACIFICATION OF MALTA

The constitution of Malta, a self-governing dependency, was suspended on June 24, 1930, because of "the intervention of the Vatican in the temporal affairs of the island." A Royal Commission of investigation was appointed a year later, and on Feb. 11, 1932, reported that the conflict between Lord Strickland, the Governor, and the Maltese ecclesiastics was originally trivial, but aggravated by the behavior of the Governor to the

point where it involved personal animosities and divided the island "into very embittered cliques." The Maltese press had behaved better than either the Governor's clique or the clergy. The final acts of refusing the sacraments to Lord Strickland and of threatening to excommunicate any one voting for the Constitutional and Labor parties were partly attributable to Ministerial provocation.

The Ministers whose powers were suspended resigned on March 2, and the commissioners received assurances from the clergy that they would cooperate harmoniously with a restored government and Ministry. The commissioners therefore recommended the restoration of the constitution. The British Government agreed and accepted the additional recommendation that English should be the only language taught in elementary schools in addition to Maltese. The restrictions on the teaching of Italian incidentally led to a declaration by Signor Grandi, the Italian Foreign Minister, that his nation was "deeply hurt."

Religious peace was formally restored in Malta on June 3 when a pastoral letter from the Bishops of Malta and Gozo was published, revealing an

apology by Lord Strickland for his offensive public utterances and its acceptance by the Pope. Electoral freedom now exists, although all Catholics are reminded that they are obliged in conscience to vote for candidates who will protect Maltese Catholic interests.

THE OTTAWA CONFERENCE

Since the article, "British Imperial Issues at Ottawa," on pages 423-428 of this magazine, was written, some changes in the situation have taken place. The weight of the British delegation, the thoroughness of its preparation, and the invitations which it issued to all the dominions except the Irish Free State to conduct preliminary exchanges of views, seem to have frightened South Africa and Canada. Australia, New Zealand and Newfoundland have renewed their expressions of hope for fruitful cooperation. The Irish Free State has tried to negotiate its political differences in order to go to Ottawa unhandicapped. Canada's refusal of preliminary negotiation may reflect either lack of preparation or increased particularism. The policy of South Africa, where the domestic situation is obscured by several serious issues, is also doubtful.

Herriot Again French Premier

By OTHON G. GUERLAC

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A PARLIAMENTARY interregnum has seldom been more replete with momentous events than the one in France which began on April 1 and ended two months later with the convening of a new Chamber. During that period a Left majority was elected to replace the majority that had ruled the House for four years; a popular and beloved Presi-

dent was assassinated; a new President was elected in a semi-partisan truce, and, finally, a new Ministry led by Edouard Herriot as Premier and Foreign Minister was formed as soon as the two houses of Parliament had chosen their officers.

André Tardieu, who, between the first balloting on May 1 and the second on May 8, had made a last effort

to stem by his dynamic oratory the adverse tide, acknowledged his defeat on May 10. In sending to the new President the resignation of his Cabinet it was, he wrote, proud to say that it left behind "a sound situation, a calm, well-ordered and secure country. Our production is amply protected against the world depression; our unemployment is twenty times below that of our neighbors; our currency is intact and strong; the budget was voted on time, the public debt was reduced by 20,000,000,000 francs and we have practiced a policy of peace and reparations approved by the well-nigh unanimity of all parties."

During May, M. Tardieu carried on the business of state without, however, returning to Geneva or making any important commitments that would bind the next Cabinet. On May 24 he presented to M. Herriot a full report of financial, economic and political affairs at the moment of his departure from office.

Never has the choice of a new Premier appeared more obvious than in the case of M. Herriot. Leader of the Radical-Socialists, who, numbering more than 160 members, constitute the largest group in the new Chamber, he bore the burden of the election campaign. While he refused to commit himself in advance to any definite alliance, the Socialists, through Léon Blum, their spokesman, had declared the conditions on which they would participate in the government. Their 129 adherents represent an important element, but their attitude on State ownership and disarmament is such that M. Herriot could not accept their proposals. Nevertheless, speaking before the executive committee of the Radical-Socialist party on May 31, M. Herriot did not reject the cooperation of the Socialists. Declaring that he would submit to no terms, he said: "The only program which dominates all others at present is that which permits us to establish a balanced budget at home, together with political and economic understanding abroad.

In the accomplishment of such a task we are ready to work side by side with the Socialists in the government."

Four days later, on June 4, he announced the following Ministry, which was restricted to members of his own party and their immediate associates:

M. HERRIOT, President of the Council and Minister of Foreign Affairs.

CAMILLE CHAUTEAUX, Interior.

RENE RENOULT, Justice.

LOUIS GERMAIN-MARTIN, Finance.

MAURICE PALMADE, Budget.

JOSEPH PAUL-BONCOUR, War.

GEORGES LEYGUES, Marine.

PAUL PAINLEVÉ, Air.

A. DE MONZIE, Education.

EDOUARD DALADIER, Public Works.

JEAN DURAND, Commerce.

ABEL GARDEY, Agriculture.

ALBERT DALIMIER, Labor.

ALBERT SARRAUT, Colonies.

JUSTIN GODART, Health.

AIME BERTHOD, Pensions.

Dr. HENRI QUEUILLE, Posts, Telegraphs and Telephones.

LEON MEYER, Merchant Marine.

The combination of War, Navy and Air Ministries into a single department of national defense, for which the Radicals had criticized the Tardieu Ministry, was not retained, in spite of the advantages that it seemed to possess.

No attempt at a concentration Ministry is apparent, not a single member of the Tardieu Ministry being retained, while the majority of the members are Radical-Socialists, of which there are thirteen among the Ministers alone. Only five portfolios were given to men who are not regular members of that party. The veteran Georges Leygues belongs to "the Republicans of the Left," the ex-Professor of Law and former Minister of Finances Germain-Martin is an Independent Radical, while Painlevé, who at first was the choice of the Left for the Presidency and who withdrew in favor of Albert Lebrun, belongs to the party of Briand, known as the Republican Socialists. Five of these men have been Premiers, if we include Daladier, who held office for only a few days. All have had Ministerial experience ex-

cept Paul-Boncour, who had long been barred from active participation in government by his membership in the official Socialist party (*Section Française de l'Internationale Ouvrière*). Since he left the party at the time of his election to the Senate, early in the present year, he at last was able to contribute to the government his remarkable talents as an orator and an advocate of peace and security in and out of Parliament, and especially before the League of Nations, where with Briand he was the outstanding French spokesman. He will continue with Herriot and Leygues the negotiations on disarmament.

The first contact of the Herriot Cabinet with Parliament, on June 7, resulted in an overwhelming vote of confidence—390 to 150. The Ministerial declaration was emphatic on reparations and on disarmament. On the first point it said: "Regarding reparations, France cannot permit those rights to be contested which are the outcome not only of treaties but of contractual agreements protected by the honor of the signatories. If the world is withdrawn from the sovereignty of law, it must sooner or later fall under the empire of force. In affirming that principle the government of the republic is conscious of defending no selfish privileges but universal interests. For the rest it is ready to discuss any project, to take any initiative which will produce the compensation of greater world stability or loyal reconciliation in peace."

Toward disarmament Herriot stated that he would favor all solutions "within the framework of the covenant and in the spirit of the Pact of Paris which will permit, without compromising national security, the lightening of military charges and will represent a step toward progressive, simultaneous and controlled disarmament." M. Tardieu tried to obtain a promise not to lower France's military expenditures below the 1932 level unless some further guarantee of pro-

tection came from the conference, but M. Herriot refused.

The vote of confidence represented the full strength of those who won the election, including, in addition, some members of the former Cabinet. It gave the new Premier authority to represent the views of the majority both at Geneva and at Lausanne. The Socialists contributed their support in the hope that progress would be achieved at both conferences.

THE NEW PRESIDENT

The first message of the new President of the republic was read to Parliament at the same time as the Ministry's statement of its program. President Lebrun declared that he would be an impartial arbiter among the parties in order to enforce the Constitution. The party to which he has hitherto belonged is the Centre group of the Senate, the "Republican Union," whose political views correspond to those of Poincaré and Tardieu. Léon Blum has described M. Lebrun as "the most reactionary President since Félix Faure." Although that is somewhat overstated, his appearance on the same slate in 1919 with the Nationalist Marin, which caused Clemenceau to drop him unceremoniously from the Ministry, might lend some justification to such a characterization. But in 1919, in the frontier department of Meurthe et Moselle, national feeling was stronger than any party consideration.

Since M. Lebrun entered Parliament in 1900, at the age of 29, as the successor and under the auspices of the late professor and academician Mézières, he seems to have been less a party man than one of those industrious and specialized legislators who make one forget his political affiliations and who become indispensable to any Ministerial combination. Indeed, this so-called "reactionary" was chosen by the Radical-Socialist Caillaux as Minister of Colonies in his Cabinet in 1911. He kept that port-

folio in the Doumergue and Poincaré Ministries until the outbreak of the war. In 1917 Clemenceau placed him at the head of the Ministry of Blockade and Liberated Regions, where he remained until the "Tiger," with his customary abruptness, offered him the choice between his post and his place on the same ticket with M. Marin, who had voted against the Treaty of Versailles as too lenient toward Germany. M. Lebrun resigned but was re-elected to the Chamber.

In the Senate, which he entered in 1920, he immediately became an active member of various commissions, was elected its Vice President in 1926 and President as the successor of Doumer in June, 1931.

ECONOMIC CHANGES

Before his retirement, but in consultation with his successor, M. Tardieu settled the Franco-American problem of the import quotas which have caused a great deal of annoyance and no little financial loss to American manufacturers. On June 1 the ex-Premier approved a most-favored-nation agreement which now assures American exporters material increases in quotas, including those for radio sets, tools, leather products, electrical machinery, paper and lumber. This agreement is understood to constitute the first step toward a general commercial treaty and takes the place of the present *modus vivendi* effective since November, 1927, which, though assuring most-favored treatment for 471 American commodities, was only temporary and could be denounced at will. Nevertheless, the Tardieu government issued also a decree placing quota restrictions on the importation of various other articles such as shoes, fountain pens, silver and artificial jewelry. These restrictions touch many American articles, although they do not specify the particular amounts that can be imported by each country.

The French economic situation is far from cheerful. The figures for tax receipts in April, the first month of

the French budgetary year, fulfilled the worst forebodings when published on May 25. These fell 5 per cent, or \$6,102,750, below the estimates. The month's total was \$8,196,250 below that for April, 1931. Since the average monthly deficit for 1931 was \$3,740,000, the new figures are taken as evidence that the economic depression is having a cumulative effect on the French budget. In one of the first statements issued by M. Germain-Martin, the new Finance Minister, on June 8, we learn that the deficit for 1932 will be between \$240,000,000 and \$350,000,000.

DEATH OF ALBERT THOMAS

The same week that saw President Doumer's tragic end claimed another man who had been prominent in French political life. On May 7, Albert Thomas, head of the International Labor Office of the League of Nations, died suddenly at the age of 54. His name is inseparable from the institution which he literally created and to which he had devoted twelve years of his life. He abandoned teaching for politics in 1910, when he was elected Socialist Deputy of Paris. His scholarship, industry and oratorical gifts marked him out as a successor of Jaurès, whose admiring disciple he was and whose seat he won in the department of Tarn at the 1919 elections. During the war, in 1915, Viviani entrusted to him the Under-Secretariat of Munitions, while Briand made him head of the Ministry of Armament, where he displayed remarkable qualities as an organizer. In 1920 he abandoned active politics to devote himself to the International Labor Office established under Part XIII of the Treaty of Versailles. Every legislative effort for the betterment of labor conditions in the world was in part inspired or prepared by him.

BELGIAN CABINET CRISIS

The linguistic question has caused another Ministerial crisis in Belgium. On May 17 the Renkin Cabinet, which

had been in power since June 5, 1931, decided, without an adverse vote of Parliament, to hand its resignation to the King. The Prime Minister's reason was that the promises he had made to the Liberals on the language issue could not be kept because of the attitude of the Flemish Democrats, who refused to compromise on the principle of "linguistic territoriality" in primary and secondary education adopted by the Parliament.

"Linguistic territoriality" means that in the Flemish provinces instruction is to be given exclusively in Flemish and in the Walloon provinces exclusively in French. The new scheme provided for *unilinguisme*, equality of the different regions and absolute local autonomy in regard to instruction in a second language. Such a plan seems to the French-speaking Belgians to favor unduly the language of the numerically stronger Flemish element, and they believe that French, which is the language not only of the Walloons but also of a large number of Flemings who, like Verhaeren, Maeterlinck and others, have enriched

French literature, should not be treated merely as a provincial dialect. A large section of the Liberal party supported their claims to which a Senate bill gave partial satisfaction. The Chamber, on the other hand, passed a bill that granted the Flemish group what they sought.

M. Renkin felt that by resigning before a hostile vote could be taken, he would be able to form a new Cabinet and renew negotiations on a new basis. In the hope of bringing about a compromise between the conflicting nationalisms, he formed another Cabinet on May 23. It included only three new Ministers—one Liberal, one Christian Democrat and one member of the Flemish Right. The Cabinet's program, read before Parliament on May 25, pledged the government to a linguistic settlement that would meet the requirements of all parties and to a general policy of financial rehabilitation and peace and disarmament with security. The government received a vote of confidence although the Liberals were not satisfied with the solution of the language problem.

The Dismissal of Bruening

By SIDNEY B. FAY

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CHANCELLOR BRUENING and his moderate coalition Cabinet, which had depended for its support on the Roman Catholic Centrist and Social Democratic parties, resigned on May 30. The resignation was not caused, as is usual, by parliamentary rejection of an important law or by a vote on no-confidence on the part of the majority in the Legislature. On the contrary, less than three weeks earlier, on May 12, after very serious disorders in the Reichstag by the Na-

tional Socialists, Bruening had received the substantial majority of 287 to 257 on a test vote. His resignation resulted from the general feeling that his semi-dictatorial system of government by decree instead of by statute law had not achieved notable successes and was no longer backed by the majority of the German people as distinct from the majority of the Reichstag, which, elected nearly two years before, was thought no longer to reflect accurately the wish of the voters.

The specific cause of the resignation was President von Hindenburg's refusal to sanction Bruening's proposal to provide relief for unemployment by dividing some of the large country estates of East Prussia into small farms. This looked to many like Bolshevik expropriation. But in a larger sense Bruening's plan brought to a head the wider and long-existing struggle for control between the Left and the Right elements in Germany since the war—between the working classes and the combined forces of the agrarians, the big industrialists and those intellectuals and other middle-class elements that still feel so acutely the effects of the war and the inflation.

Dr. Heinrich Bruening has left a deeper mark on German politics than any of his post-war predecessors. Under him, though not through his initiative, the Rhineland was at last freed from French occupation in June, 1930. In the face of a Parliamentary régime seriously disrupted by intense party antagonisms, he had the courage to place confidence in President von Hindenburg to make use of the emergency clause of the Constitution which virtually enabled the Chancellor to govern Germany without interference from party factions. In a period of rapidly increasing world depression as well as of Germany's own economic troubles, he had the energy, personal force and disinterestedness to carry through a series of heroic measures intended to ease the situation at home in order that Germany might be able to take up a stronger and more independent position abroad. These measures, by very heavy taxation, social welfare legislation and the control of banks, prices and wages, almost made the Reich a Socialist State, and convinced foreign economists and business men that Germany was doing her utmost to meet the hard terms of the Treaty of Versailles and the subsequent reparations and financial obligations. This conviction was ex-

pressed in the Wiggin report of last August and the Basle report of last December. But, unfortunately, foreign politicians did not take action in accordance with the recommendations of these reports. Hence Bruening was regarded at home as having failed in his policy of conciliation and fulfillment, which had also been the policy of Stresemann.

Like President Wilson, Bruening pursued idealistic aims, but failed to bring them to realization, partly because of the selfish obstinacy of foreign politicians and partly because he was unable to persuade the majority of his own people to follow him in his ideals. Like President Wilson, also, he undertook too heavy a share of the burden of government, working out personally all the details of his multifarious decrees, and assuming for a considerable period the duties of the Foreign Office as well as those of the Chancellorship. Upon his resignation he was sent to bed by his doctors with what they described as a nervous heart attack. But Bruening is only 44, and a younger man than President Wilson was when he made his fight for the League of Nations. He is likely to be heard from again in the future.

France, Great Britain and the United States must share largely in the responsibility for Bruening's fall. They failed to take the necessary steps, recommended by the experts on international committees, that would meet his efforts half way and help to restore international confidence, credit and economic stability. Eleven months have passed since President Hoover's moratorium, and in those eleven months the politicians, especially in France and the United States, have reached no agreement as to what should be done when the moratorium expires. Great Britain apparently has wisely been ready for a general cancellation of reparations and war debts. But official United States will not hear of the latter, nor France of the former, although, as this is written,

the postponed conference at Lausanne is only a few days away. Eleven months ago a workable adjustment with the ideals Bruening stood for might have been achieved; now his successors in office will not be so easy for Europe to deal with.

The increasing numbers within Germany who denounced Bruening's "system" as a failure could indeed point to the fact that all his efforts to satisfy and conciliate the upholders of the Versailles treaty had brought no equivalent concessions on their part. Nothing was done in regard to reparations beyond the moratorium. No tangible steps have been taken by the League of Nations in the reduction of armaments or in delivering Germany from her present position of inequality in this matter. German rights in Danzig and Memel are regarded as menaced by the Poles and the Lithuanians. Bruening, his opponents say, sat still while the League of Nations neglected to take energetic and timely action to prevent Japanese aggression in China—not that Germany is so much concerned about the fate of China, as that the League's impotence in the Far East is regarded as evidence of how little Germany may expect from the League in case of aggression by Poland. And finally, at home, unemployment remains frightfully high (about 5,675,000 on May 15); taxation is crushing, and the budget still shows an alarming deficit—for the fiscal year ended March, 1932, 449,000,000 marks in the ordinary budget, 152,000,000 in the extraordinary budget, and 1,031,000,000 carried over from the deficit of the preceding year, making a total actual deficit of 1,632,000,000 marks, or about \$400,000,000.

The evidence of the increasing trend against Bruening and in favor of the National Socialists was indicated in the Presidential and State elections of March and April, and further evidenced by the State election in Oldenburg on May 29. Here the Nazis polled

131,525 votes, as against 97,778, and the Nationalists 15,629, as against 12,500, in the Diet elections a year ago, while the Left moderate parties showed sharp losses, thus giving the Right groups a clear majority of the total votes. The same trend was shown in the Mecklenburg-Schwerin State election on June 5, when the Nazis carried 29 out of the 58 seats, the Social Democrats 18, the Nationalists 5, the Communists 4 and two other small local factions 1 each.

President von Hindenburg evidently felt he could not shut his eyes to this trend of general feeling. Besides, he had been spending a few weeks in East Prussia among Junker friends of his youth, who own large estates. Under these circumstances, it is not altogether surprising that he should have refused to sanction his Chancellor's latest drastic decree to split up their estates into small farms. Just as in 1918 he brought pressure to bear on the Kaiser to abdicate in favor of the republic, so now, after supporting Bruening long and loyally in exercising a semi-dictatorial authority which appeared to have outlived the support of the majority of the voters, he refused to accept the Chancellor's request and turned to the formation of a Cabinet of the Right. In Liberal eyes he may seem to have dimmed his prestige, but to say, as do some of the headlines, that he "ousted" Bruening, or acted unconstitutionally, is incorrect. Though he did not follow the precedent of dropping a Chancellor no longer supported by a majority in the Reichstag, Hindenburg acted quite constitutionally and within his rights in refusing to sanction, under Article 481, a decree of which he disapproved.

THE NEW CHANCELLOR

The selection of Colonel Franz von Papen by President von Hindenburg to succeed Bruening as Chancellor caused some surprise. Adolf Hitler did not want to accept the office or dictate to whom it should be given,

because his National Socialist party does not yet command a working majority in the Reichstag; he prefers to wait until after the next general election, when he hopes his followers will be returned in greater numbers than ever. He was therefore willing to accept a stop-gap Chancellor.

Colonel von Papen achieved notoriety as the German military attaché in Washington who was recalled by the German Government in 1915 at President Wilson's request because of an alleged violation of American neutrality and misuse of diplomatic privileges. He was indicted on five counts, including the charge of furnishing money and electric fuses and wires for blowing up the Welland Canal in Canada, but as he had left the country he was never brought to trial. A *nolle prosequi* was entered, for lack of evidence, in New York on March 8, 1932. After his return to Germany Colonel von Papen became an active member of the extreme right wing of the Centrist party. He has been disavowed, however, by the party, and cannot look for support from its Parliamentary group, which still regards Bruening as its leader.

The new Chancellor's task was to form a concentration Cabinet of the Right elements representing predominantly conservative agrarian interests, heavy industry and, above all, the army—the old Germany. Labor is completely unrepresented in the new Cabinet, which is made up as follows:

Colonel FRANZ VON PAPEN—Chancellor.

Baron CONSTANTIN VON NEURATH—Foreign Affairs.

Baron SCHWERIN VON KROSIGK—Finance.

Baron WILHELM VON GAYL—Interior.

Professor HERRMANN WARMBOLD—Economics.

Lieutenant General KURT VON SCHLEICHER—Defense.

Baron FRIEDRICH EDLER VON BRAUN—Food and Agriculture.

Baron VON ELTZ-RUEBENACH—Transportation and Posts.

HUGO SCHAEFFER—Labor.

Dr. FRANZ GUERTNER—Justice.

In view of its predominantly Junker character, the Cabinet has been

dubbed by the Socialist press the "Monocle Cabinet," or the "Almanach de Gotha Cabinet." Baron von Neurath, hitherto German Ambassador to Great Britain, has expressed anti-republican sentiments. General von Schleicher is a notoriously able member of the former General Staff and will feel at home as Minister of Defense; he is also credited with having intrigued to bring about Bruening's fall. Baron von Eltz-Ruebenach is a trained railway official, Baron von Braun an influential agrarian and Baron von Gayl an experienced Prussian civil servant of the old days. Hugo Schaeffer held high civil service posts in the State of Wuertemberg and was financial director of the Krupp works during the Ruhr occupation.

As it soon became evident that the new Cabinet could not find a majority in the old Reichstag because of the certain hostility of the Social Democrats, the Centre and the Communists, Colonel von Papen preferred not to face the Legislature. Instead, he secured a decree from the President dissolving the Reichstag and calling for a new general election on July 31; that is, just within the constitutional requirement of not less than sixty days from the date of dissolution.

Until the Reichstag election took place, Chancellor von Papen could accomplish little in the field of domestic politics, except restore to the Nazis the right to have their Brown Shirt military organization, of which they had been recently deprived by General Groener, the former Minister of Defense. This was one of the chief grievances of the Hitlerites against the Bruening Cabinet.

PRUSSIAN DIET MEETS

When the recently elected Diet in Prussia met on May 24, open conflict took place between the Nazis and the Communists, and several members were badly hurt. Eventually Wilhelm Kerl, a National Socialist, was chosen President of the Diet, in accordance

with the precedent that the strongest party in the Legislature names the presiding officer. But the Diet was deadlocked over the choice of a Premier to succeed Dr. Otto Braun, a veteran Social Democrat, because it is impossible for any candidate to secure an absolute majority in the present chamber, and a recently passed law provides that the Premier must be elected by an absolute majority, instead of by a plurality, as had hitherto been the case. In view of this deadlock Chancellor von Papen refused to hand over to the Prussian Government 100,000,000 marks due it by the Reich.

NEW AUSTRIAN CABINET

The Austrian minority government headed by Chancellor Karl Buresch resigned on May 6. Its waning prestige and power had been further weakened by the provincial elections on April 24, in which the Clericals were defeated and the Austrian Hitlerites, who have stolen the thunder of Austria's former Fascist group, the Heimwehr, made great gains. Dr. Buresch's Cabinet was the twentieth which Austria has had in the fourteen years since the war.

After two weeks of uncertainty and party negotiations, a new Cabinet was formed by Dr. Dollfuss as Chancellor, Foreign Minister and Minister of Agriculture, and Karl Vaugoin as War Minister. Dr. Dollfuss is 40 years old, a Christian Socialist like his predecessor, and secretary of the Lower Austrian Farmers' League. He studied law in the universities of Vienna and Berlin, and was an officer in the World War, later devoting his time to the development and organization of agriculture in Austria. He has held the agricultural portfolio in three successive Cabinets from 1931 to date. Dr. Jakoncig is the sole representative of the Heimwehr in the Cabinet; Herr Winkler and Herr Bachinger represent the Farmers' party; Dr. Ach is a

non-political appointee; while the other Ministers belong to the Christian Socialist party. The new Cabinet may be described as a Right coalition.

One of the immediate tasks facing Dr. Dollfuss is action on the proposed transfer moratorium on all foreign debts (except the League of Nations loan), which is generally regarded as inevitable unless the League of Nations provides a new loan. The finance committee of the League has twice recommended such a loan during recent months, but the leading powers, led by France, have as yet not acted on the recommendation. The external service on the Austrian national debt requires annually 140,000,000 schillings for interest and sinking fund; on debts of provinces and communes 38,000,000; bank debts (without the Creditanstalt) 9,000,000; and industrial debts 25,000,000—a total of 212,000,000 schillings, or about \$29,600,000.

Mgr. Ignatz Seipel, former Chancellor, was reported on June 14 to be so seriously ill at a Catholic cloister in a suburb of Vienna that the last sacrament had been administered to him.

CLOSING IN THE ZUIDER ZEE

The Zuider Zee, a familiar landmark on all maps of Europe for centuries, became a thing of the past on May 28, when the last gap was closed in the eighteen-mile dike connecting Wieringen with Friesland. The Zuider Zee thus became an inland lake, as it was before the North Sea swept over Holland 600 years ago. The completion of the dike makes it possible to reclaim 500,000 acres now under water, leaving as a lake, to be known as IJsselmeer, only a quarter of the Zuider Zee's present expanse. The reclamation project will convert some of the small picturesque fishing villages, like Marken and Volendam, into inland farming communities.

Italy Demands a Place in the Sun

By WILLIAM E. LINGELBACH

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MUSSOLINI and the Grand Fascist Council in May again vigorously proclaimed the need of treaty revision. The council, according to the published report, reaffirmed its conviction that it was necessary "to revise within the framework of the League of Nations the clauses of those peace treaties which contain in themselves the grounds of unrest among the nations, and consequently of eventual war." At the same time the government has let it be understood that Italy will not take the initiative in treaty revision, but will await events. Furthermore, if one can judge by the utterances of the Fascist press as printed in the *Popolo d'Italia* and the *Giornale d'Italia*, there is reason to think that the constant references to treaty revision in general are being used by the Italians to induce certain powers, especially France, to make modifications in the status quo in Africa.

In an address before the Deputies on May 17, Foreign Minister Grandi drew attention to the special claims of Italy in that continent, referring to it as "pre-eminently the sphere wherein Italy claims a right to a territorial redistribution upon the first available opportunity, and wherein she proposes to employ the energies of her surplus population and to fulfill her destiny as a civilizing power." "If," Grandi added, "at the close of the war, Italy's allies neglected her in the distribution of the mandates, Italy must now labor all the harder to make known the real and beneficial forces that she can exert in the colonial field in the interests of civilization." The

regions of Italy's special interests appear clearly in the frequent references to the mandates over the former German colonies, to the possible exchange of Portuguese possessions, to Spanish talk of leaving Morocco and, most significant of all, to the status of Abyssinia. In the meantime negotiations with France looking toward a readjustment of the African situation more favorable to Italy are, according to the press, making reasonable progress.

On the question of naval disarmament, though the negotiations have not gone very far, Mussolini has ordered that no new building program be submitted so long as there is a possibility of agreement or while the Geneva conference is at work. Nevertheless, both the Minister of Marine and the Air Minister in their addresses to the Deputies elaborated statistical details to prove the great superiority of the armaments of France over those of Italy. In the field of aviation, especially, General Balbo showed that France spent annually more than four times as much.

Mussolini acted with his usual promptness when the crash of the plane Justice for Hungary resulted in the death of Hungary's two most famous flyers, just as the delegations were arriving for the international congress of aviators in Rome. He expressed his condolence by a substantial gift to the families of the aviators, ordered the erection of a memorial shaft in their honor and sent a brand-new Italian plane to Budapest with the same name conspicuously painted on the wings, thus showing

spectacular recognition of Hungary's dissatisfaction with the treaties. This may account for the stubborn opposition of the French to the Italian proposal for the freedom of airports which received the support of all the other delegations, as did the demand upon governments for official aid in the establishment of sea routes.

Italy has continued to feel the effects of the world depression; unemployment has increased slightly and trade has fallen off. On the other hand, the government's policy of reducing the import surplus continues to operate successfully. Statistics for the first four months of the year show a decline in this connection of \$11,700,000, that is, a reduction for the present year of nearly 23 per cent. The gold holdings of the Italian National Bank have been growing steadily and the reserve ratio now stands at 40.57, without counting what are often spoken of as equivalent reserves, such as treasury bonds, certificates and notes of foreign banks, which aggregate a total of nearly \$78,900,000. If these items were included, along with about \$89,420,000 in gold deposited in England during the war, the reserve ratio would be raised to 67 per cent, putting the Italian gold standard in an unusually strong position. Despite this, the budget committee's report made public on May 2 envisages a deficit of \$75,000,000 for the coming year. While appealing for economy the Minister of Corporations denounced the national tariff barriers as a principal cause of the world's economic dilemma.

Viewing the world depression from an entirely different angle, Pope Pius XI, on May 18, issued another encyclical on the subject. Referring to his *Quadragesimo Anno*, he declared that "no leader in public economy, no power of organization will ever be able to bring social conditions to a peaceful solution unless first in the field of economics itself moral law, based on God and conscience, be made to triumph." The Pope again drew at-

tention to the present universality of distress, to the control of the wealth of nations by relatively few persons and the dangers of discontent and of atheism spreading among the masses. A week of prayer and penance to supplement the practical suggestions of the earlier encyclical was ordered for June 6.

On May 2 the long trial of the members of the Mafia, which has been going on for three months in Sicily, was brought to an end by sentencing 244 men and women to long terms of imprisonment. Altogether more than 1,000 persons have already been dealt with, and it is confidently expected that this will end the régime of crime and terror in the island.

CATALAN HOME RULE

The development of outstanding importance in Spain during May was the progress toward the solution of the Catalan separatist difficulty. With the reassembling of the Cortes late in April, the question quickly assumed alarming proportions, the controversy both in and outside the Cortes becoming one of the most intense and dangerous that the republic has had to face. While the commission of the Cortes and the leaders were studying the Catalan Statute hundreds of newspaper articles, addresses and memorials by associations of business men and other organizations appeared. In most of these, two things stood out clearly—vigorous opposition to national dismemberment and a reasonable spirit of compromise even among the Catalans.

"Catalonian autonomy," declared Miguel Unamuno, "would be an irreparable injury to Spain, a step toward complete separation and an opportunity for radicalism." In an unexpectedly vigorous warning to Catalan extremists, Alejandro Lerroux, the opposition leader and head of the Socialist party, declared that national unity must be preserved. The statement was the more significant because it came upon the heels of a de-

fiant announcement by Largo Caballero, Minister of Labor, that Catalonia could not have the Statute or even the moderate settlement advocated by the commission of the Cortes. On the other hand, the extremists among the Catalans were defiantly insisting on the unamended Statute, and the recognition of Catalonia as an "autonomous State" and not merely as an "autonomous region." On May 8, President Francisco Macia of the Catalan Generalidad assembled the town councils of the four Catalan provinces in Barcelona for the organization of passive resistance and civil disobedience if modifications of the Statute at Madrid should prove too sweeping.

Fortunately, Prime Minister Azana is a practical statesman. After assuring himself of the support of the Cortes, he reminded the nation that in the days of Spain's greatest glory, Catalonia had greater autonomy than even the Statute demands, and announced that Spain was to be a Federal State, loosely knit together with effective State governments, limited by Federal control. "The government recognizes in principle," he said, "Catalonia's right to collect taxes." According to him, local questions will be relegated to Catalan authorities, but the central government will remain as the final arbiter; education is to be the function of the Generalidad; primary and high schools of Catalonia are to be maintained by the Federal Government, the University of Barcelona is to be bi-lingual, while the administration of justice concerning land and all courts of appeal are to be national. Thus while the principle of the separation of Catalonia is denied—foreign relations, naval and military affairs, and in certain respects judicial matters being left to the Federal Government—the arrangement allocates to Catalonia the right to employ the Catalan tongue, limited direction of education, economic and social life and the right to police

its own territory. The plan was received with great enthusiasm, Azana himself replying in Catalan to the enthusiastic congratulations of several Catalan deputies.

In the meantime, the government has also been dealing with the question of army and agrarian reform, budgetary and financial problems, an extensive program of public works to deal with increasing unemployment, and the troublesome activities of the radicals.

On May 3 the government brought forward a new measure to modernize the army further by radically changing the methods of selection and promotion of officers. In presenting the bill to the Cortes, the Premier, who is also Minister of War, said it provided for rigid examinations, based on study at the military academy, for promotion to all commissioned officers' ranks. Even colonels who wish to become generals will have to pass the examinations. The new Spanish Republic needs a small, economic, efficient fighting force and not a "big, expensive, over-officered army which is accustomed to high living and is valueless in wartime," he declared. The number of officers had already been reduced from 22,000 to 12,000, which seems reasonable for an army of 150,000. On the other hand, the government wants it to be understood that the army will not be neglected, despite the constitutional provision that the Spanish Republic will not declare war without the consent of the League of Nations, and on May 15 an order appeared for the mobilization of the entire army for the September manoeuvres.

Communists and other radicals have continued their tactics of sabotage, strikes and riot. On May 12 a valuable library of 60,000 books, including hundreds of old manuscripts from convents and monasteries, was burned at Valencia. A week later a large cache of bombs and 500 pounds of dynamite were discovered as a part of a Red

plot at Seville. Under the Defense of the Republic act several hundred Reds were arrested in Madrid and the provinces, and the general strike scheduled by the "Big Union" of Communists and anarchists for Sunday, May 29, throughout southern Spain was broken up. Nevertheless most of the industries of Seville were shut down. In the meantime, sixty municipal judges who had been lax in enforcing the law were dismissed, and Señorita Kent, the woman Minister of Prisons, was forced to resign because of the sensational jail-break at Puerto de Santa Maria of a score or more of political prisoners. According to the Madrid press, the Señorita was too "soft." Notwithstanding the vigilance of the government, the number of strikes, especially in Andalusia, has continued to grow, conflict between troops and the rioters occurring almost daily during the month.

On May 5 a special bill was introduced in the Cortes providing for the dissolution of the *Compañía Transatlántica*. The government has been paying the company's annual deficit

for some years. Gross mismanagement is charged and the seizure of all boats constructed since 1925 through the aid of subsidies has been ordered. The government has assumed all liabilities and suspended the service of the company's six ocean liners.

A NEW PORTUGUESE CONSTITUTION

On May 28 the text of the proposed Portuguese Constitution was made public with a view to its study and discussion by the people before its submission to a popular referendum. It provides for a President elected by the people for a term of seven years and a Cabinet responsible to him rather than to the National Assembly. The Assembly, which is to consist of ninety Deputies, is to be elected for a term of four years, one half by direct vote of the people, the other half by different administrative bodies. General Carmona, the present dictator, is designated as the first President, and there is provision that the new Constitution will go into effect upon its approval by the nation.

The Fate of the Danubian States

By FREDERIC A. OGG

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THE discussion of the Danubian problem during the past month has disclosed only one point on which there is substantial agreement, and that is that conditions are steadily growing worse. At least half a dozen widely divergent major plans of relief have been propounded from various quarters, but with little present prospect that any one of them will be adopted. A conference of the Little Entente powers—Czechoslovakia, Yugoslavia and Rumania—at Belgrade on May 13-15 issued a com-

muniqué that deplored the prevailing tendency toward a supernationalism under which each State makes economic decisions without consideration for the interests of others. The conference affirmed its readiness to cooperate in any proposed solution, but suggested no remedies except financial assistance to the distressed countries.

The only ray of hope comes from the renewed activity of the League of Nations. Early in May the economic section of the League Secretariat is-

sued a report on the foreign trade of the five Danubian countries showing that in 1928—selected as the last "normal" year—35 per cent of the exports of these countries were sold within the group and that 30 per cent of their imports originated within it. If facts and figures are influential in politics, Geneva observers say, the information brought to light will work strongly for a customs union of these States, with Bulgaria included, and will also have weight in showing that among outsiders Great Britain and France have commercial interests that are negligible, while those of Germany, Poland, Italy and Switzerland, in the order named, are extremely important. Not only has this valuable document become available but the Financial Committee of the League has reorganized its delegation in the mixed commission to consider the Danubian problem. On May 30 the commission, which includes Norman H. Davis, assembled in Paris—for the fourth time in less than the same number of months—to renew its labors. Although the atmosphere was again one of defeatism, the increasingly critical nature of the situation—with the imminent financial collapse of Austria as its gloomiest aspect—gave hope that something definite would be done.

THE MENACE OF DANZIG

Throughout May rumors persisted that a Polish coup was about to take place at Danzig, admittedly one of the danger spots of post-war Europe. It was known that certain nationalist elements cherished plans for the seizure of both the Free City and East Prussia, and that the German Government, while giving no evidence of believing that the Polish authorities were fostering hostile moves, had warned Warsaw officials several times that the threats of the nationalists were endangering peaceful relations between the two countries. Moreover, sections of the Polish press have been urging Marshal Pilsudski, the dic-

tator, to defy the world and make an end of an impossible situation by annexing Danzig and East Prussia.

When the Nazi storm troops were dissolved in Germany, but not in Danzig, it was feared for a time that the Polish malcontents had found their pretext for a coup. Rumors that Adolf Hitler would make Danzig his headquarters, however, proved groundless, while the Nazis suspended their demonstrations and stopped wearing their uniforms in the Free City. Another source of apprehension was the withdrawal by the Danzig Senate of the right of Polish war vessels, on and after May 1, to anchor in the harbor of Danzig. This right had been exercised by agreement for several years, but the Senate's action was sustained by the Danzig Commissioner of the League of Nations as well as by the World Court. As the validity of the decree was challenged by the Warsaw Government, it was feared that the navy would refuse to obey it and thereby precipitate a crisis. Nothing of the sort happened, though unscrupulous newspapers spread a groundless and mischievous rumor that a Polish coup in the Free City had been averted on the night of May 1 by a hair's breadth.

After hearing a report by Chancellor Bruening the Foreign Affairs Committee of the Reichstag, on May 24, decided to request the government to notify Poland that any attempt by raiders against the sovereignty of the Free City would be considered an affront to Germany. Polish officials continued to deny that Poland had any plan to occupy Danzig, adding that an adventure affecting the Free City would manifestly be foolhardy, because it would raise anew the entire question of the Corridor and imperil the position won by the new Polish free port of Gdynia. Responsible circles in Warsaw regard the charges of Polish plots as merely manifestations of a nationalist intrigue against efforts to bring about a German-Polish rapprochement.

The victory of the Left in the French elections was deplored by all political elements in Poland except the Socialists, because of the fear that it would lead not only to further restrictions on French financial aid but to repudiation of the Polish alliance. The inclusion of Joseph Paul-Boncour in the new Herriot Cabinet, however, was reassuring.

RUMANIAN FINANCIAL DISTRESS

Alone among the States of South-eastern Europe, Rumania, until May, was able to meet her foreign financial obligations without restrictions on exchange. At that time, however, she reached a point where not only were such restrictions imposed but drastic steps became imperative to cover her budget deficit and take care of her commitments abroad. Plans were laid to obtain a French loan of \$40,000,000 and to resort to an agrarian debt-conversion scheme which admittedly entailed the liquidation of most small provincial banks. But efforts to arrange the loan failed, and the Ministers of four foreign States, including Great Britain and France, protested against the conversion plan as dangerous to the leu, to the stabilization of which the four countries had contributed financially.

The result was a serious weakening of the position of the Jorga Government, the more so since the debt-conversion scheme was a proposal of Finance Minister Argetoianu, "strong man" of the Cabinet. On May 31 the Premier and his colleagues resigned, ostensibly because of their failure to negotiate a loan. The retiring scholar-politician had held the Premiership since April, 1931, though beset by difficulties and strife which, especially some four months ago, threatened to upset him.

In the hope of securing a concentration government which would meet with more success in the matter of the loan, the King turned to M. Titulescu, one of his warmest supporters, present Rumanian Ambassador to

London and a prominent figure in the League of Nations Assembly. When M. Titulescu's efforts proved unsuccessful the task was entrusted on June 4 to former Premier Vaida-Voivode, principal leader of the National Peasant party since the retirement of ex-Premier Julius Maniu. A Vaida-Voivode Cabinet was duly formed, but escaped facing Parliament by obtaining a decree dissolving that body on June 6.

HUNGARY'S ECONOMIC FLIGHT

In a bulletin issued on May 14, the Institute of International Finance, conducted by the Investment Bankers Association of America in conjunction with New York University, urged the formation of a general protective committee for holders of Hungarian Government external bonds. When the various loans in which American investors are interested were made, prices of agricultural products were higher than today, world trade was expanding, the Hungarian national income was growing, and the entire external debt service absorbed only about 7 per cent of the estimated national income. An unfavorable trade balance, the withdrawal of foreign credits, and inability to borrow abroad, however, have rendered the country totally unable to remit foreign exchange for the payment of principal and interest on the outstanding external debt, except, chiefly, on a League of Nations loan of 1924. Interest and amortization payments require \$50,196,300 annually, which has to be met chiefly by an excess of merchandise exports, but despite a sharp decrease of imports, the excess of exports amounted to only \$15,500,000 in 1930 and \$4,400,000 in 1931.

YUGOSLAV UNREST

The palace of King Alexander and five other strategic points in Belgrade were bombed on May 30, but without great damage. The nature of the missiles indicated that they were

for purposes of demonstration or warning. The spread of communism, particularly among younger officers in the army, however, has attracted fresh attention, and the semi-official newspaper *Vreme* has started a campaign of patriotism with the slogan "Yugoslavia, Awake!"

On a charge of conspiracy against the existing political régime, more than a dozen university professors and other intellectuals were arrested in Belgrade late in May. Hostility to the ruling dynasty is increasing rapidly; Serb-Croat relations were never more strained than they are today; and observers freely predict not only an early fall of the Marinkovitch Cabinet, but a collapse of the dynasty as well.

GREEK CABINET UPSETS

After nearly four years in office, Premier Venizelos of Greece announced the resignation of his Cabinet on May 21 and recommended to President Zaimis the substitution of a coalition government under Alexander Papanastasiou and General Kondylis. Because of the increasingly critical financial and economic situation of the republic, and the unwillingness of Parliament to pass the measures the Pre-

mier advocated, his position had become untenable; indeed, he had offered to resign a month earlier.

President Zaimis on May 25 invited M. Papanastasiou, Opposition leader, to form a coalition Cabinet embracing representatives of all parties except the Royalists, and on the following day the plan was carried out. M. Venizelos declined to accept a portfolio, but agreed to the participation of his Liberal party. The settling of a serious railway strike seemed somewhat to relieve the immediate situation, but the problem of a drastic reduction of national expenditures remained, and in the background lurked the danger of a coup by General Theodorus Pangalos, the former dictator, who, however, on June 1 was, with eleven of his principal supporters, banished for a period of five months.

The Papanastasiou Cabinet was short-lived and really never held office except tentatively. On the ground that conditions attached by ex-Premier Venizelos made the adherence of his party meaningless, the Cabinet resigned on June 3, and within two days Venizelos was again at the head of a reconstructed government.

Sweden's Losses in Kreuger Crash

By RALPH THOMPSON

INVESTIGATION by the official Swedish board of administration into the affairs of Ivar Kreuger, who killed himself in Paris on March 12, reveals that he had personal debts of \$93,500,000 in addition to direct liabilities of \$74,800,000, and that fraudulent manipulation of the Kreuger & Toll books had been carried on for at least eight years. The board of administration therefore recommended ending the moratorium and steps

toward declaring the company bankrupt. On May 24 the City Court of Stockholm granted bankruptcy petitions to Kreuger & Toll and two associated companies. As for the Swedish Match Company, which had been held to be in a comparatively sound condition, the Swedish Government on June 1 granted it a three months' moratorium in which to reconstruct its finances under the supervision of a board of three administrators.

Sweden itself has not been hit so hard as might have been at first suspected. Speaking at the opening of the annual Gothenburg trade fair on May 23, Crown Prince Gustav Adolf reminded his listeners that the industries affected by the Kreuger crash employ only 2½ per cent of the nation's industrial workers, and that the income derived by Swedes from stocks and bonds of the various Kreuger companies was not over 43,500,000 kronor (less than \$12,000,000 at par), or two-thirds of 1 per cent of the national income.

Yet Sweden has by no means emerged whole from the débâcle, which, coming as it does at a time of general economic strain, must have far-reaching effects. Professor Eli Hecksher of Stockholm University has estimated that about 30 per cent of the Kreuger & Toll participating debentures, 41 per cent of Kreuger & Toll stock and 40 per cent of the Swedish Match Company stock were in the hands of Swedish investors. In order to maintain the liquidity of the Skandinaviska Kreditaktiebolaget, one of the country's largest banks, which had advanced considerable credit to Kreuger, the government was forced to take over some of its commitments. In April Finance Minister Felix Hamrin had been authorized by the King's Council to appoint a committee of five experts to make recommendations for revision of the existing banking laws, particularly in regard to the right of banks to acquire industrial stocks and to give credit with such shares as security.

THE MEMEL CONTROVERSY

Following the election of an overwhelming autonomist-German majority to the Memel Legislature early in May, Edouard Simaitis, who was appointed president of the Directorate after Otto Boettcher had been deposed by ex-Governor Merkys, himself resigned on May 26. The new Governor, Mr. Gylys, thereupon appointed

an all-German Directorate on June 6, with Ottmar Schreiber, a native of East Prussia, as the new president. The two other members of the Directorate are Germans born in Memel. According to reports, these appointments mark the end of the conflict for actual if not nominal control of Memel, with the German elements successful over their Lithuanian rivals. There still remains the case before the World Court, however, which apparently will be heard during July.

ESTONIAN ELECTIONS

The results of the elections held from May 21 to May 23 for the fifth Estonian State Assembly, or Parliament, were as follows:

Parties.	Representation.
Agrarian	42
Centre	23
Socialist	22
Left	5
German	3
Russian	5
	<hr/> 100

The Agrarian party, which increased its representation by four members as a result of the election, represents the interests of farmers and landowners and favors moderate social and democratic reforms. The Centre, which lost two seats, is a coalition of the Nationalist, the Christian Nationalist and the Workers parties. Three seats were lost by the Socialists and a corresponding number were gained by the Russian party, representing the Russian minority in Estonia, which seeks cultural autonomy.

FINNISH PEASANTS PROTEST

Farmers in the Nivala district of Northern Finland, who for some time had attempted to induce the Cabinet and Parliament to take measures to alleviate their economic distress, armed themselves on June 14, and in a body of about 1,000 began "military" operations with an eye to forcing their demands upon the government. Local authorities were forced to summon troops to disperse the excited peasants.

Soviet Russia's Rising War Fever

By EDGAR S. FURNISS

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THE increasing tension of Soviet relations with Japan has produced an outburst of war spirit throughout Russia reminiscent of the earlier and more bellicose days of the Communist régime. Newspapers have launched a campaign of preparedness which embraces every citizen, and numerous semi-official organizations are lending their support. Thus, the Soviet Air League, an organization heretofore devoid of military affiliations, has become an adjunct of the Red Army, and its 12,000,000 members are being trained as reservists. In like manner, the combined trade unions of the country at their ninth All-Union Congress pledged their membership of 17,000,000 to military service and their organizations to the spread of preparedness among the nation's wage earners and peasants. May Day was turned into a grand military spectacle, with parades of the Soviet armed forces in the principal cities. The officials of the government and the leaders of the Communist party have aroused the people to a pitch of patriotic fervor seldom seen in a country not actually on a war footing.

All this is an abrupt contrast with the carefully nurtured atmosphere of peace which has characterized the Soviet policy since the triumph of the Stalin régime committed the Communist party to the policy of "building socialism in one country." During the past few years the tone of Soviet publications intended for domestic consumption, as well as the pronouncements of the Third International addressed to Communists throughout

the world, have been noticeably moderate and restrained. At the same time the official Soviet attitude in all external affairs has been favorable to peace. The Union's spokesman at the League has laid down a policy of extreme pacifism, including not only complete disarmament of the nations for aggressive warfare but also abandonment of all national economic policies which might lead to conflicts. The Union has tried faithfully to give effect to these principles in her own dealings with other nations, first, by means of the neutrality treaties of 1929 with her western neighbors and with Turkey, and latterly through the projected non-aggression pacts of 1932, which, when completed, will involve these same nations and, eventually, France in an agreement with the Soviet Union to preserve the peace.

The present outburst of military spirit in Russia has revived the old question of the Soviet war power as a factor in the international affairs of the future. There has been no reason to doubt the sincerity of the Union's devotion to peace during the recent past, since this policy is in harmony with her domestic program. But it cannot be forgotten that communism is in essence a militant movement, dedicated to the destruction of the existing national organization of the world by forceful means. Its members would be renegades if they did not hold themselves bound, when the time is ripe, to spread their gospel with the sword. Those who interpret the Communist creed literally believe that the present phase of Soviet for-

eign policy is calculated merely to produce a breathing space in which to mature within Russia an overwhelming power to be unleashed on the day of the great crusade. Quite apart from these fears of ultimate world-wide revolution, however, the question of Soviet military power has immediate importance by reason of the precarious state of international relations in Europe and in Asia. The Red Army is a factor in the reckoning of statesmen with regard to the basic political problems of these areas, and especially those which arise out of the peace settlement in Europe. The territorial integrity of the new States of Eastern Europe, the future international alignment of the Central Powers, the political strategy of France with regard to the balance of opposing forces on the Continent are all concerned with the question of the military power of the Soviet Union and the use that is to be made of it.

Controversy has been rife between Soviet and foreign authorities regarding the actual size of Russia's military establishment. Soviet statistics place the man power of the Red Army at 562,000 and the total military expenditure of the Soviet Government at approximately \$640,000,000 per year. On the basis of these figures it can be shown that the Union's army is smaller than the combined forces of her small western neighbors and that her military expenditure per capita is below that of other European States. But these comparisons leave out of account the territorial militia of the Soviet Union which constitutes a formidable addition to her war strength. The Soviet military organization of today follows the outlines of a plan developed by Trotsky when he was Commissar of War. Its basis is compulsory military service for all male citizens between the ages of 19 and 40 years. About 900,000 new recruits pass the physical examinations each year; one-half are enrolled for a two-year period of training, the others are released for civilian service under ar-

rangements that give them a certain amount of military experience. The 450,000 men called into active service are assigned in almost equal numbers to the Red Army and to the territorial militia. The former group are given a two-year full time period of service in the standing army; the latter return to work but are definitely organized in the militia in which they receive regular military instruction and attend annual manoeuvres. As a result the Soviet Union has a professional army of moderate size—the 562,000 referred to above—while the vast majority of the adult male population have had military training and are definitely organized for war purposes. Indeed, military training embraces an even larger proportion of the people than is defined by the compulsory service law, since women and children, as well as men, are given simple military instruction through informal organizations. No other modern nation has so comprehensive a system of military training.

In this military system the Red Army plays a peculiar rôle. It is a political arm of the Communist party as well as an agency of the government for war purposes. Recruits are in part selected on the basis of their political beliefs in order to make certain that a large fraction—at present one-half—of the soldiers are professed Communists. Similar tests are applied in the selection of officers who are chosen chiefly from the working classes. The army has its own educational system devoted in the main to the spread of Communist doctrine among the peasants and wage-earners as they pass through their period of active military service, but intended also to aid the government in its campaign against illiteracy. In Communist thinking a distinction is made between the obligations of the citizen to bear arms in the defense of his country and his membership in the Red Army; the latter is the privilege of the proletariat alone. The Red Army is conceived as an organ of the

revolutionary working class not only in Russia but throughout the world. Its basic loyalty, therefore, is to the Communist organization which knows no national boundaries.

The tension in the Far Eastern relations of the Soviet Union which has brought these military considerations to the fore is attributable in the main to three developments of the past few weeks. In the first place, within Japan there has arisen from the extreme military faction an open demand for the seizure of Vladivostok and the Soviet maritime provinces. Secondly, Japan's military strategy in Manchuria has brought her armed forces dangerously near the Soviet frontier, while the removal of army headquarters from Mukden to Harbin has lent support to the fear that Japan is preparing for further penetration northward. These two developments, taken together, have convinced the Soviet press that the Union is in grave danger of attack. Their suspicions are heightened by a third consideration, namely, the refusal of Japan to accept the Union's invitation to sign a non-aggression pact. On this point the Japanese Government has been evasive, the latest public statement—that of Premier Saito on June 2—expressing concern lest such a treaty between the two countries would “weaken the force of the Kellogg-Briand pact and cast a shadow on Japan's relations with every other State with which no non-aggression treaty existed.” Japan has attempted to allay Soviet fears by repeated declarations of peaceful intent with respect to the Union. Premier Saito in the statement referred to gives unequivocal assurance that his government has in view no annexation of territory, no interference with Soviet rights in the Chinese Eastern Railroad and no acquisition of special economic privileges that would violate the principle of the Open Door.

To the foreign observer it would seem incredible that the governments of the two countries should permit war to break out between them. The

real danger lies not in the intentions of the governments but in the explosive conditions surrounding their operations in the Far East. The advance of the Japanese army in Manchuria offers the White Russian organizations of that country opportunity to attack the Union in circumstances such as might cause the blame to be thrown on Japan. On the other hand, the concentration of Soviet troops on the border is an encouragement to the Manchurian guerrilla bands which are opposing the Japanese advance. Because the situation is thus necessarily fraught with danger, the present policy of the Soviet authorities in stirring up the warlike emotions of the Russian people is extremely disquieting.

Those who believe that the Soviet Government must preserve the peace at all costs during this period of internal economic reconstruction will find another interpretation of these militaristic developments in Russia, namely, the desire to deflect the attention of the people from the failures and shortcomings of the Five-Year Plan. The collapse of certain key industries which had been exhibited as the exemplar of the Communist program was noted in these pages a month ago. Attempts to put these industries into operation in accordance with the schedules laid out for them by the Planning Commission are as yet unsuccessful. During May new difficulties arose in the agrarian branch of the program. The Spring sowing fell short of expectations, so much so that *Izvestia*, the official organ of the government, was moved to indict the entire organization of collective and State farms on the grounds of intolerable inefficiency. Final figures for the foreign trade of 1931 are also disconcerting in view of the Union's need for balances with which to meet heavy out-payments falling due this year. An adverse trade balance of nearly \$150,000,000 resulting from the drastic price decline of Russia's principal export commodities

has greatly increased the burden under which the Union labors in her attempt to meet maturing obligations without interfering with her ability to import indispensable materials. These factors all tend to undermine the prospects of success in this final year of the Five-Year program.

A number of important decrees recently promulgated indicate the pressure under which the Soviet authorities are laboring to preserve the loyalty and arouse the individual interest of the people. A decree of May 7 reduces by one-fifth the total grain collections of the government for the present year, and gives freedom to the collective farms and individual peasants to sell their surplus grain in the open market without regard to the government's fixed price. This new policy is intended not only to pacify the peasant population but also to stimulate the productivity of small-scale manufacture among the craftsmen of the cities, who are now permitted to exchange their products directly for foodstuffs. The dearth of household articles on the market has been one of the chief deterrents to

efficient cultivation of the farms; conversely, the food scarcity has been a serious menace to the morale of the industrial population. This decree was followed three days later by another which removed the previous prohibition on the sale of cattle and meat products in the open markets, thus giving the peasant free trade in another of his principal commodities. A third decree ended the food ration on milk, eggs, tea and other goods in universal demand. Still another provided that certain articles, such as shoes and clothing, formerly sold only in special stores or requiring for their purchase special permission from the government, should be on open sale hereafter to all comers.

These new policies are all departures from the strict principles of the Communist system which have made monopoly of the market a pivot of the reconstruction program. Their effect is to enlarge the area within which the motives of individual self-interest may operate, thus slowing down the rate of progress toward the complete socialistic structure which is the objective of present Soviet policy.

Turkish Government in Business

By ALBERT H. LYBYER

Professor of History, University of Illinois; Current History Associate

PREMIER ISMET PASHA and Foreign Minister Tewfik Rushtu Bey early in May returned from their visit to Russia. The results of the trip are expected to further economic cooperation between Turkey and the Soviet Union. To begin with, Russia is to sell \$8,000,000 worth of machinery to Turkey and is to receive, over a twenty-year period, payment in Turkish raw materials.

International barter of this sort enters more and more into the thought

of Turkish statesmen. It is planned to place foreign trade under strict control so that the value of exports and imports will balance. An attempt is to be made to exchange particular commodities—for instance, tobacco for sugar, tea and coffee. Part of the machinery which Turkey is purchasing from Russia will be used to establish cotton factories in Anatolia, from which cloth may be obtained to exchange for foreign products. The central bank of Turkey will administer

the exchange of products, taking over the control enforced since last November, which has caused a serious decline in trade between the United States and Turkey. The government already has announced the creation of a State monopoly of the importation of sugar and coffee. All foreign exchange will be sold through the State Bank.

The Premier and Foreign Minister were guests of the Italian Government in Rome on May 22. During their stay the treaty of friendship of 1928 was renewed, by which the two nations bind themselves to mutual neutrality, arbitration and conciliation. It was expected that commercial agreements would be drawn up to compensate for the arrangements with Russia.

Professor Malche of the University of Berne has been engaged to assist in reorganizing the University of Istanbul as part of the plan to place all public instruction on a modern scientific basis, excluding the old Islamic influences. The government intends to create a university at Ankara, but that must await economic improvement. A law school has already been established there to train Turkish judges in accordance with the ideas of the new Turkey.

Dr. Paul Monroe, director of the International Institute of Teachers College, Columbia University, was on May 20 appointed president of Robert College, Istanbul, and of Constantinople Woman's College. He succeeds Dr. Caleb F. Gates, who has been president since 1903 and has long been a power in Turkish affairs as well as an outstanding figure in American relations with Turkey.

Service in the Turkish Army henceforth is to be for eighteen months, in the navy for three years and in aviation for two years, according to a recent report made to the League of Nations. The gendarmerie and the customs service are to be organized on a two and one-half year basis. The army is to number between 120,000 and

150,000 men; the annual contingent is expected to total about 175,000, although only 100,000 will be trained. The gendarmerie includes about 40,000 men and 1,200 officers. For the army the annual budget approximates \$22,000,000, for the navy \$8,000,000 and for aviation \$1,750,000.

SYRIAN POLITICS

The Lebanese Constitution was suspended in May, after being in operation ten years and undergoing four revisions by the mandatory power. The system of government in the little State proved increasingly unworkable, largely because of multiplicity of officials and excessive costs. Much discontent had arisen lately, when the Constitution granted to the Syrian State proved more liberal than that of the Lebanon, which had been steadfastly loyal to France. On the eve of another Presidential election the French High Commissioner suspended the Constitution and made M. Debbas, the President, a kind of dictator, to be assisted by a council of directors nominated by himself.

In the Syrian States belated elections at Damascus, Duma and Hama resulted in the choice of nine Nationalists and six Moderates, making a total of fifty-four Moderates and fifteen Nationalists in the Chamber of Deputies. It is now hoped by the French authorities that Syria will work loyally with the mandatory power, so that in the near future a treaty can be concluded, substituting for the mandate a measure of independence, such, perhaps, as is enjoyed by Tunis, Morocco and Annam. A recent report to the French Parliament said: "The lot of Syria is in the hands of the Syrians. Upon their spirit of collaboration with France depends the rapidity of their emancipation."

EGYPTIAN ECONOMICS

Some time ago the Egyptian Government proposed to pay interest on its foreign debts not in gold but on

the basis of the present value of the pound sterling. The matter was referred to a mixed court, but the British, French and Italian Governments have refused the request of Egypt to negotiate the basis of payment, expressing willingness to agree to new taxation if the coupons must be paid in gold. The amount of money involved is about \$8,000,000 a year.

The Egyptian Government ceased selling cotton on May 9. It is believed to own about 400,000 bales, while private holders have at Alexandria about 600,000 bales. In spite of the low price of cotton, the country is said not to show much economic distress.

A bomb exploded on the railway near Tema on May 6 a few minutes before a train carrying Premier Sidky Pasha was due to pass there.

IRAQ AND THE LEAGUE

The Commission on Permanent Mandates of the League of Nations has drawn up a list of guarantees which Iraq must accept before admission to the League. The League Council approved the plan on May 19, and it is expected that when the Assembly meets in September Iraq will sign the declaration and will be admitted formally as a League member.

Iraq will be expected to guarantee the protection of minorities, whether racial, linguistic or religious; the rights of foreigners before its courts; freedom of conscience and worship, and free activities of religious missions; debts incurred during the mandatory régime; rights acquired during that time; maintenance of international conventions; the right of League members to refer to the World Court differences of opinion on these guarantees. After Iraq has accepted these responsibilities, British control is to be relinquished. The French representative on the Council expressed regret that the Kurdish minority had not been given administrative autonomy.

French opinion also drew attention

to the military clauses of the Anglo-Iraqi Treaty. The important provisions are that for twenty-five years Iraq is to permit Great Britain to maintain airports where British troops will be kept. The French are asking how this can be reconciled with the complete independence of the country. It is not likely, however, that they will make an issue of British military rights in Iraq, since such objections might prove very awkward when arrangements are made for Syria.

The British have tried to justify their position by the fact that Bagdad is becoming rapidly an important centre for aerial communication. British, German, French and Dutch lines already terminate or call there. Accordingly, the interests of many nations are concerned with the maintenance of absolute security for aerial navigation over Iraq. Not over 2,000 of the Royal Air Force will be present, while 1,250 guards will be Iraqis.

Certain clauses of the agreement drawn up by the commission all but impair the independence of the country. The King of Iraq promises, in case of actual or imminent war, to aid Great Britain as far as possible. A permanent British military mission is to reside in the country, while Great Britain will furnish arms, munitions, equipment, ships and airplanes of the same type as are used by the British Army. Moreover, the 8,000 police of Iraq are to be under British control and instruction. An important feature of the situation is that the Iraqi Army of 10,000 men and the police force are recruited voluntarily, mostly from the Kurdish and Assyrian minorities.

All members of the League are granted most-favored nation treatment for ten years. The present judicial system is to be maintained during that period, but subsequently foreigners will become subject to the native courts. The declaration can be amended by an agreement between Iraq and a majority of the Council.

Military Terrorism in Japan

By HAROLD S. QUIGLEY

Professor of Political Science, University of Minnesota; Current History Associate

THE death of Premier Inukai of Japan on May 15 was not, in itself, a significant event. Weighted with 77 years, 43 of them spent as a member of the Diet, Inukai had lost his earlier liberalism, and he may be counted fortunate to have been chosen for a martyr's death. He has at least been saved further ignominy as the tool of arbitrary militarism.

But the death of a Premier at the hands of men in the uniforms of the Japanese army and navy is highly significant. The assassins entered Inukai's home, dismissed his family and servants and guards, and then, holding the old man by the shoulder, shot him down like a dog, without heeding his request for a parley. Such a deed is an event of even greater importance than any of the murders by thugs and peasant youths that have preceded it, though Hamaguchi, Inouye and Dan were more valuable men. Although the assassins were only sub-lieutenants and cadets, they were putting into practice, in terms they understood, the contempt inspired in them by their military superiors for the "politician." It is that contempt, shared by the civil as well as the military bureaucrats of Japan and embodied even in the Constitution—which, while setting up a people's assembly, assigns to it no power beyond whetting the anger and delaying the programs of the executive services—that is essentially responsible for the failure of party politicians to be anything but politicians.

The criminals gave themselves up, and Minister of War Araki promised

the Diet that they would be tried and punished, and that a determined effort would be made to prevent further political action by members of the military services. Apparently the "trial" is to be by court martial, whereas the crime clearly was one for the civilian courts. When last October a plot of younger officers to set up a dictatorship was discovered and trials took place by court martial, the accused were released and restored to their commands. Since Araki himself is a leader of the "patriotic" society, Kokusuikai, which is notable for similar acts of terrorism, he is hardly the one to punish assassins. It may be noted in this connection that a district court imposed the death penalty upon Tomeo Sagoya, who shot former Premier Hamaguchi in November, 1930.

Even before the incidents of May 15, which included the throwing of bombs at the residence of Count Makino, Lord Keeper of the Privy Seal and close adviser of the Emperor, and at the Bank of Japan and the Mitsubishi Bank, pistol shots at the metropolitan police station, and other similar gestures, discussion was rife in Japan concerning an apparent trend toward fascism. Such a trend was especially noticeable in the military Left group called the Younger Officers' Association, and in the ranks of labor, where a cleavage into a National Socialist combination on the Right and a Masses party on the Left, had occurred. While no open collaboration was observable between the young officers and the National Socialists, the demands of the former

were anti-capitalist and pro-labor, particularly peasant labor. The majority of the younger officers are the sons of farmers, and realize the plight into which a feudal capitalism has led their families. Both the military and the labor-farmer "fascists" aim to establish a non-parliamentary government based upon exaltation of nationalism and devotion to the Emperor.

Upon the death of Inukai, Finance Minister Takahashi became acting Premier, and jockeying began between the military and naval authorities, who demanded a non-party Cabinet, and the parties which opposed the return of "transcendentalism," as non-party government is termed in Japan. Prince Saionji, aged surviving *genro*, or elder statesman, came to Tokyo. Consideration was given to the appointment of Kisaburo Suzuki, who succeeded Inukai as president of the Seiyukai, the more conservative of the major parties, Baron Hiranuma, president of the Privy Council, and Count Gombei Yamamoto, a former Premier and known as one of the "quasi-genro" or "near elders" of the State. Ultimately the choice for the Premiership fell upon Admiral Baron Saito, recently Governor General of Korea, who, although unwell and 73 years old, accepted the unenviable post. Saito is counted a liberal, and his Cabinet will last probably only until the army can organize its forces behind a more aggressive exponent of its policies.

Count Uchida, now president of the South Manchuria Railway, was offered the portfolio of Foreign Minister but declined. The Premier assumed the duties temporarily. Other posts went to General Araki, Minister of War; Admiral Okada, Navy Minister and Mr. Takahashi, Finance. Three posts went to Seiyukai men, two to the Minseitō.

The Diet convened in extraordinary session on May 23, only to adjourn until June 1. The principal business

was the voting of funds (\$61,161,700) for the Manchurian operations, which already have cost \$62,000,000, the new appropriation to be raised through a domestic loan. On June 3, 32,000 farmers presented a petition asking the Diet to provide \$16,405,000 to aid them in migrating to Manchuria, also to authorize a three-year moratorium on private debts and a subsidy for the purchase of fertilizer. Investigation showed that farmers in certain prefectures were reduced to near-famine conditions, being compelled to subsist on cattle food.

JAPAN'S FOREIGN POLICY

Premier Saito, in a statement on foreign affairs early in June, forecast no modifications of policy. Japan, he said, had regarded the attitude of Russia toward her as entirely proper, but was at present less confident and wished that the concentration of Soviet troops in Eastern Siberia would be discontinued. Neither confiscation of any foreign rights in Manchuria nor annexation was in contemplation. Recognition of Manchukuo would not be accorded until action could be taken on legal bases. The Open Door was being firmly maintained. But the full import of Japan's disregard of China's position appeared in these words: "If the toleration afforded to bandits by the present unsettled state of political affairs in China should be ended through recognition by the League of Nations of the unsubstantial nature of the Chinese Government's claims in this region, military operations in Manchuria probably would come to a speedy and successful end." In the Diet, General Araki, Minister of War, again referred to the importance of anticipated League action in September.

MANCHURIAN AFFAIRS

A "speedy and successful end" of military operations in Manchuria seemed very visionary when Admiral

Saito spoke. The first report of the League's Manchurian Commission stated that Japan had 22,400 soldiers there. Shortly after, a division of 24,000 men was transferred to Manchuria from Shanghai and further expeditions were in prospect. The steady incursion of Japanese forces into the region east of Hailin, which in February last Japan had agreed to leave untouched, was increasing the tension in Russia and inducing the calling of certain classes of reservists to the colors for manoeuvres. (See also Professor Furniss's article on pages 503-506 of this magazine). Although on June 4 Araki told the Diet in executive session that there was no serious friction between Japan and Russia, the apprehensions in Russia were set forth in the *Red Star*, Soviet army organ, on June 1, as based upon: (1) The growth of militaristic jingoism in Japan; (2) the increasingly aggressive tone of "rightist" newspapers; (3) military movements closer to Siberia and the transfer of headquarters to Harbin, and (4) the continued refusal of Japan to sign a non-aggression pact. (The Japanese explanation of this refusal was that the Kellogg-Briand pact made a special pact unnecessary.) Said the *Red Star*: "We must emphasize with all frankness and in all seriousness that peaceable declarations fade before the limitless, bloody agitation being conducted by the incendiaries of war in the Far East."

Japan did not charge Russia with supplying arms to the Manchurian armies opposing her troops but declared the source of supply to be the former Manchurian Governor, General Chang Hsiao-liang, now at Peiping. An effective but mysterious system of distribution prevailed, caring for widely separated units. The Manchurian forces were not fleeing to the outskirts of their home territory but were operating in all three provinces. The heaviest fighting, however, was occurring in

the areas north and east of Harbin. Early in May the Chinese Eastern Railway was reported to be cut at nineteen places between Harbin and Hailin, the latter city being 150 miles east of Harbin and 125 miles from the Siberian frontier. Because of the fighting near Tsitsihar, west of Harbin, the League commission, which visited Harbin, did not attempt to visit the colorful General Ma Chen-shan, but sent representatives to him by airplane. On May 23 a Japanese force captured Fuchin, in the Sungari valley, only thirty miles from the Siberian border.

The League commission returned to Dairen, Manchurian port in the Kwantung leased territory, on May 28, after observations and interviews at Mukden, Changchun and Harbin. It found nearly a ton of statistics and propaganda matter awaiting it there. After a period at Dairen and Port Arthur, the commission was to revisit Mukden, Peiping and Tokyo, and then to retire to a quiet spot to prepare its final report.

Paris reports stated that Japan was trying to purchase titular ownership in the Chinese Eastern Railway through negotiations at Tokyo. The party understood to be negotiating with Japan was the Franco-Asiatic Bank, successor in 1925 to the Russo-Asiatic Bank, which built the Chinese Eastern Railway on behalf of the Russian Government, using funds amounting to \$200,000,000 which were borrowed in France. The bank claims to be the titular owner of the stock of the line but the Paris report stated that the claim was not fully established. The Soviet Government claims ownership of the Czarist Government's interest and, since 1925, the line has been run as a joint commercial enterprise by the Soviet Union and the Manchurian Government. Official denials of any negotiations were made at Tokyo and Paris. Actually, Russian influence in the control of the road has declined under Japanese

military occupation of Central Manchuria. Early in June Japanese reports stated that the Franco-Asiatic Bank was preparing to make a large loan to "Manchukuo," with Japan as guarantor.

Manchuria was described by Major T. Hanaya, of the political section of the Japanese garrison there, as now actually ruled by a "Board of General Affairs," composed of seven Japanese. This board is attached to the executive *yuan* and it makes the final decision on policies, personnel and budget. Six bureaus—of accounts, personnel, purchasing, legislation, statistics and secretariat—are headed by Japanese members of the board.

As anticipated when former Minister of War Minami went to Manchuria last December, a plan to consolidate all Japanese governmental agencies in Manchuria under a single head—and that head a military officer—was reported to have received official endorsement in Japan. Thus the consular offices, the military establishment and the South Manchuria Railway were to be linked up under what would amount to a viceroyalty of Manchuria. The probability of increased railway construction in Manchuria, involving 635 miles of new lines, was admitted by Count Uchida. The Japanese claim to have agreements with the former Governor, Chang Tso-lin, for the building of all these lines. Mr. Pu-yi, the doughty "regent" of "Manchukuo" has no choice but to implement contracts never agreed to by China and repudiated by Chang Hsiao-liang.

JAPAN LEAVES SHANGHAI

In the light of the transfer of troops evacuated from Shanghai to the battlefronts in Manchuria, Japan's acceptance of armistice terms and her evacuation of all but 2,500 men from Shanghai in less than a month became understandable. The destruction of Chapei in February now takes on the aspect of punishment for China's venturing to resent the rape of valu-

able territory. More than 600 deaths among the Japanese troops at Shanghai were admitted. General Y. Shirakawa, commander, died on May 26, from wounds sustained in the bombing incident of April 29. The last of nearly 100,000 expeditionary soldiers embarked on May 31, and Chinese police took over the formerly occupied area, while the 2,500 Japanese blue-jackets were left for garrison duty. Shanghai's gain was Manchuria's loss.

Although the armistice terms contained no reference to cessation of the boycott, there appeared to have been an understanding reached on that issue—indeed the understanding was reached before the murderous attack began, since orders were issued from Nanking on May 5 for the suppression of all anti-Japanese organizations. The organizations have protested and have sought to persuade municipalities to ignore the government's orders. (See the article by Demaree Bess on pages 395-399 of this magazine).

In connection with the evacuation, the Japanese Government agreed to rely upon the assurance of the international mixed commission, which is headed by American Consul General Cunningham, that the terms of the agreement would be kept. Apparently the armistice has been observed, although the Nanking Government, resenting Japan's expression of hope that Chinese troops would not enter the zone 12½ miles around Shanghai, has declared that no stipulation or understanding to that effect had been reached.

Japan proposed a conference of the five powers principally interested in China to reach some agreement regarding common action for protection of foreign lives and property in the Shanghai area and other parts of China, exclusive of Manchuria and Inner Mongolia. The four powers invited—the United States, Great Britain, France and Italy—agreed not to accept unless China were included.

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Why don't you write?

BOOKS OF THE MONTH

Carl Schurz: Reformer

By CHARLES R. LINGLEY

Professor of History, Dartmouth College

CARL SCHURZ: *Reformer* (1829-1906). By Claude Moore Fuess. New York: Dodd, Mead & Co., 1932. Pp. xv, 421. \$3.75.

RECENT biographies tend to fall roughly into two classes. One seems mainly concerned with heightened color, bizarre titles and explanations of purposes and motivations through the feeble or exaggerated action of the pituitary gland or a fall from the cradle in childhood. The other class is written by scholars who make a thorough, discriminating search through all the records and attempt to describe what the hero did. These men make as few guesses as possible in regard to motives and these few guesses have a more substantial basis than those founded upon an embryo psychoanalysis. Mr. Fuess's volume fails in the latter group.

The career of Carl Schurz is interesting in itself because of the astonishing succession of different accomplishments which he was able to achieve. It is no less interesting because of the fact that most of Schurz's career took place in the United States and because he was one of the most effective American statesmen who were born on foreign soil. Possibly Alexander Hamilton and Albert Gallatin are his outstanding competitors for this distinction. And finally, Schurz is interesting because he was a prime example of political independence during the period after the Civil War. Perhaps his only peer in this rôle was Moorfield Storey, whose biography, excellently written by M. A. DeWolfe Howe, appeared almost simultaneously with Mr. Fuess's volume.

The merest catalogue of Schurz's major activities will substantiate the claim that this German-American was an outstanding, effective, immigrant-statesman. Although he was only 23 years of age when he landed in New York on Sept. 17, 1852, he had achieved notoriety, if not fame, as an energetic and daring German nationalist and revolutionist. Again, although he landed with little or no knowledge of English, within four years he was being elected to a minor political position in Wisconsin, and was taking a prominent part in carrying the State for Frémont in 1856. He was nominated as the Republican candidate for Lieutenant Governor of Wisconsin in 1857, and was invited to give an address in Faneuil Hall, Boston, in 1859. The subject was "True Americanism"—no less.

From the middle '50s, Schurz managed, somehow, to be in the thick of everything. He helped elect Lincoln in 1860, was appointed Minister to Spain in 1861, returned to America in 1862 and was made a Brigadier General in the United States Army. He had no diffidence in giving Lincoln advice on many occasions,

nor in attempting to set Andrew Johnson straight when that strong-willed Executive departed from the narrow path of right—as Carl Schurz saw it. In 1869, when he was living in Missouri, he was elected to the United States Senate. In this office he interested himself in the cause of civil service reform, opposed Grant's Santo Domingo project, joined the Free Trade League, became a leading figure in the Liberal Republican movement of 1872 and enhanced his reputation as an orator. From the Senate he went into the Cabinet of Hayes.

Schurz's share in the Liberal Republican movement stamped him unmistakably as an independent, and as such he was widely known during the remainder of his career. He opposed Blaine in 1884 and supported Cleveland—advising him with the zeal and the lack of imagination which frequently characterize the congenital reformer. In the meantime he had left Missouri and settled in New York, where he became editor-in-chief of the *Evening Post*, wrote a life of Henry Clay, transferred his editorial activities to *Harper's Weekly*, acted for three years as American representative of the Hamburg-American Packet Company, advocated the gold standard and became a leader of the anti-imperialists.

A career, indeed. The reader of this book will better understand why civil service reform came about despite the Conklings and the Platts, why the gold standard withstood the Bryans, and how political honor somehow did survive despite Credit Mobiliers and Mulligan letters. But he will not fully understand how one man in one lifetime could do well so many different things. The answer to this mystery lies in personality and there lies the attraction of a sound biography—like this readable, judicial, sympathetic, scholarly biography of a great German-American reformer.

Von Buelow's Memoirs

By WILLIAM E. LINGELBACH

MEMOIRS OF PRINCE VON BUELOW. Volume III: *The World War and Germany's Collapse, 1909-1919*. Translated from the German by Geoffrey Dunlop. Boston: Little, Brown & Co., 1932. \$5.

IN this volume of Bülow's much-discussed *Memoirs*, the diplomat and statesman turns historian instead of recording events and describing policies which he himself helped to make. Needless to say, the rôle of the historian is not one for which Bülow was fitted by either training or disposition. Nevertheless, he enjoys a certain advantage in that he brings to his interpretation of events from 1909 to 1919 the fruits of twelve years' experience in practical politics, including the eventful period of his own Chancellorship. His contacts with the persons of the drama which ended with the outbreak of the World War would to a dis-

ciplined historian have been priceless. To Bülow, unfortunately, they merely carry over most of the dislikes and prejudices of his political career, making an objective presentation of the story quite impossible.

The volume therefore lacks the originality and freshness that attach to the first two. On the other hand, there is the same charm and piquancy of style, vivid imagination, penetrating insight and ruthless demolition of reputations great and small. The interest is further heightened by the accelerated action and by a certain Greek fatalism as the story approaches the tragedy of August, 1914. Unfortunately, Bülow fails to appreciate the deeper aspects and forces of the situation. The historian remains the diplomat. The diplomatic narrative fills page after page, while the economic and psychological factors are treated with indifference.

Bülow's constant and almost vitriolic denunciations of Bethmann-Hollweg become wearisome, especially when associated with the oft-reiterated thesis that, when he left the Chancellorship, the affairs of Germany never were in a better situation. After all, it was during Bülow's Chancellorship that the "New Course" was begun, that the Anglo-French Entente was established and later supplemented by the Anglo-Russian accord, that the policy which led to the naval rivalry with Great Britain was developed and that the weakening of the Triple Alliance occurred. Bülow, the debonaire, contenting himself with a shrug when warned

of Italian defection, remarked that a gentleman did not object to his wife having an extra dance provided she did not run away. Bülow's boast concerning his victory over Delcassé in 1905, which won for him the title of Prince, and his claim that he "silenced Delcassé for many years" are ridiculous. Not only did Delcassé's influence continue but his policies in foreign and colonial affairs were at no time seriously modified by his successor. The statement, "Tangier succeeded. Agadir failed," is also an unwarranted assumption. Tangier did not succeed. In fact, it cemented the Anglo-French Entente to a degree Bülow seems never to have realized. If Algeciras was a triumph for Germany, it can only be looked upon as a pyrrhic victory. Lord Bertie's memorandum, written as early as 1901, setting forth the dangerous position of Germany, is further evidence that foreign diplomats knew how weak she was, even before the diplomatic revolution had occurred.

Bülow's contrast of Bethmann's bungling of the situation in 1914 with his own masterful (sic) management of German affairs in 1908-9, when the Balkan question was settled without a war, is not only unfair but betrays an unusual lack of appreciation of the complete change in the relations of the powers between 1909 and 1914. A peaceful solution in 1909 was necessary for Russia because she was utterly unprepared after her defeat by Japan. Bülow

Continued on Page VI

STATISTICS THAT MEAN SERVICE

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Installed cu. ft. capacity	121,586,000
Miles of distribution mains	4,671
Number of employees	16,194

Continued from Page V

does not realize that matters were otherwise in 1911 and he calls the Morocco affair one of Bethmann's worst blunders, because it called forth in France an *esprit nouveau*. Any one familiar with Delcassé must have known that the *esprit nouveau* existed long before 1911. The section of Paléologue's Memoirs published separately makes that clear.

On the other hand, although Bülow is not a good interpreter of French policy, he must be accepted as a competent critic of German policies and motives, even if he was not a participant and observed them only from his retirement at Norderney. He denounced as futile and absurd the German-Austrian plan of localizing the Serbian conflict. The major mistake in that policy he considers to have been Germany's "blank check" to Austria in July, 1914, and the refusal, in August, of the offer of a settlement by conference.

In view of the claim frequently made that Bülow's pages furnish justification of the "war guilt" of Germany, the following passage from page 119 is of interest: "And yet, I repeat, our leaders were not working for war. They were acting on the mad assumption that they could succeed in letting Austria 'punish' Serbia, without risk of international complications. Their dream not only brought to a head the danger of that European conflict so desired by Poincaré and Delcassé, by Paléologue and Jules Cambon, by English jingoos, Montenegrin princesses and the Grand Duke Nicholas of Russia—they exposed every German citizen to the utterly unmerited reproach of having willed and deliberately provoked the World War. While Germans fought in the persuasion that we were the victims of a sudden, sly aggression, the whole world saw in us the people that had thrown down the Serbian ultimatum, like a torch into a keg of high explosive, the nation which by infringing Belgian neutrality did unheard-of violence to international law, to treaties we ourselves had sworn to maintain."

Doubtless much of Bülow's argument that, had Germany been guided differently, the results would have been different is correct. But it is easy to judge after the events, and in this case the judgments are all too frequently not based on facts. The Russian mobilization, for example, is entirely overlooked in the discussion of the events of July. His claim that Italy would have been secured for the Triple Alliance had his suggestions for the cession of certain territory been accepted is entirely discredited by the publication of Salandra's *La Neutralità Italiana*, 1914-15. Salandra correctly stresses the deeper causes underlying Italian action. Equally interesting are the revelations of Bülow's own correspondence published by Professor Pribram, which show that at the time (1914) he seems to have approved the policies of the government.

As in the earlier volumes, we have here constant evidence of petty animosities, jealousies and hatreds intensified by the diplomat who has been superseded. Bethmann and the Kaiser come in for the greatest part of the

denunciation, but no one escapes. One thing is clear. The well-planned purpose of the Memoirs to secure for himself a prominent niche among the great statesmen of Germany and of the world fails completely, and Bülow will go down into history rather as one of the Kaiser's none too far-seeing Chancellors.

RECENT IMPORTANT BOOKS BIOGRAPHY

Martha Berry: The Sunday Lady of Possum Trot. By Tracy Byers. New York: G. P. Putnam's Sons, 1932. \$3.50. An appealing though somewhat sentimentalized account of the life and work of Martha Berry, through whose efforts the Berry Schools came into being and by whose earnest labors the "Poor Whites" of the Georgia mountains are being reclaimed.

Joe Bailey: The Last Democrat. By Sam Hanna Acheson. New York: The Macmillan Company, 1932. \$2.50. A well-documented biography of the flamboyant Texan statesman who aroused the passions and loyalties of the citizens of his own State and played a colorful if not always important rôle in Congress.

Mr. Justice Brandeis. Edited by Felix Frankfurter. New Haven: Yale University Press, 1932. \$3. A selection of essays written on the occasion of the seventy-fifth birthday of the distinguished justice of the Supreme Court. After brief introductory remarks by Oliver Wendell Holmes and Charles E. Hughes, there are studies by Max Lerner, Felix Frankfurter, Donald R. Richberg, Henry Wolf Bicklé and Walton H. Hamilton of the several phases of Mr. Brandeis's legal and judicial career.

HISTORY

American Relations With Turkey: 1830-1930. By Leland James Gordon. Philadelphia: University of Pennsylvania Press, 1932. \$4. A scholarly review of American-Turkish trade policy, with due attention to the Chester and Mosul concessions.

The Soul of America. By Arthur Hobson Quinn. Philadelphia: University of Pennsylvania Press, 1932. \$3. A brief, interpretative history of America with a diagnosis, which is open to considerable criticism, of "the qualities of the American soul." Interesting chiefly as the attempt of one man to explain the nation of which he is a part.

Seven Years in Soviet Russia. By Paul Scheffer. New York: The Macmillan Company, 1932. \$3. A collection of what apparently are news dispatches touching many aspects of the history of Soviet Russia between 1921 and 1929, the years during which the author was the Moscow correspondent of the *Berliner Tageblatt*.

British Documents on the Origin of the War, 1898-1914. Volume VII: The Agadir Crisis. London: His Majesty's Stationery Office; New York: British Library of Information, 1932. \$4. Another volume in the highly important series edited by G. P. Gooch and Harold Temperley. Here are given in detail official and

personal correspondence and notes covering the period of 1907-1911 and the second Moroccan crisis.

Thoughts on Germany. By Richard von Kuehlmann. New York: The Macmillan Company, 1932. \$3.50. The former German Foreign Minister in a series of brief essays touches upon many phases of the old Germany and the new and chances the prophecy of what lies ahead.

ECONOMICS

The Theory and Practice of Modern Government. By Herman Finer. New York: Lincoln MacVeagh, The Dial Press, 1932. Two volumes. \$12. As the title shows, this is a study of the growth and operation of modern governments. The principal countries studied are Great Britain, the United States, France and Germany. The author is lecturer in public administration at the London School of Economics.

The Structure of Competitive Industry. By E. A. G. Robinson. New York: Harcourt, Brace & Co., 1932. \$1.25. A concise, careful study of modern industry which expounds the point of view of the more advanced British economists. One of the volumes in a series edited by John Maynard Keynes.

Death and Profits: A Study of the War Policies Commission. By Seymour Waldman. New York: Brewer, Warren & Putnam, 1932. \$1.50. A graphic exposé of the work of the War Policies Commission which was created to draft plans for taking the profits out of war and to equalize all burdens in wartime, but which succeeded only in devising a means for perpetuating peacetime profits whenever the nation may be at war.


International Government. By Clyde Eagleton. New York: The Ronald Press, 1932. \$4. A comprehensive survey of the governmental aspects of international life, including some attention to the fundamentals of international law.

MISCELLANEOUS

The Administrative Control of Aliens. By William C. Van Vleck. New York: The Commonwealth Fund, 1932. \$3. An authoritative account of the legal procedure in the exclusion or expulsion of aliens, with recommendations, by a legal expert, for humanitarian changes.

Remakers of Mankind. By Carleton Washburn. New York: The John Day Company, 1932. \$3. Mr. Washburn toured the world to discover from various leaders of thought and action what impulses were motivating modern education. The influences affecting youth in China, Japan, Soviet Russia, England and other foreign countries, as well as those in the United States are compactly set down.

The New International Year Book, 1931. Edited by Herbert Treadwell Wade. New York: Funk & Wagnalls Company, 1932. \$6.75. Bound uniformly with *The New International Encyclopedia* and illustrated with maps and photographs, this compendium of the world's progress during 1931 is an authoritative and useful book of reference.




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Contents for JULY, 1932

PRESIDENT HOOVER'S RECORD.....	<i>Allan Nevins</i>	385
CHINA'S NEW WEAPON AGAINST JAPAN.....	<i>Demaree Bess</i>	395
THE CHINESE IDEA OF COMMUNISM.....	<i>Nathaniel Peffer</i>	400
MAGNITOGORSK: EPIC OF SOVIET LABOR.....	<i>Miles M. Sherover</i>	405
THE UNEMPLOYMENT CRISIS.....	<i>E. Francis Brown</i>	411
THE SPEAKEASY AS A NATIONAL INSTITUTION.....	<i>Walter Anderson</i>	417
BRITISH IMPERIAL ISSUES AT OTTAWA.....	<i>J. Bartlet Brebner</i>	423
THE COLOR BAR IN SOUTH AFRICA.....	<i>Edgar H. Brookes</i>	429
FASCIST EDUCATION IN ITALY.....	<i>C. H. Abad</i>	433
THE WISCONSIN EXPERIMENTAL COLLEGE.....	<i>Sidney Hertzberg</i>	438
THE MIKADO: JAPAN'S RULER BY DIVINE RIGHT.....	<i>P. W. Wilson</i>	444
THE DOCTOR AND THE PUBLIC.....	<i>Herman F. Strongin</i>	450
CURRENT HISTORY IN CARTOONS.....		455

A MONTH'S WORLD HISTORY

WARS AND RUMORS OF WARS.....	<i>James Thayer Gerould</i>	459
CONGRESS PLAYS ITS PART.....	<i>E. Francis Brown</i>	464
MEXICAN BLOW AT PROPERTY RIGHTS.....	<i>Charles W. Hackett</i>	474
CHILE IN A NEW REVOLUTION.....	<i>Henry Grattan Doyle</i>	477
THE ANGLO-IRISH DISPUTE.....	<i>J. Bartlet Brebner</i>	481
HERRIOT AGAIN FRENCH PREMIER.....	<i>Othon G. Guerlac</i>	486
THE DISMISSAL OF BRUENING.....	<i>Sidney B. Fay</i>	490
ITALY DEMANDS A PLACE IN THE SUN.....	<i>William E. Lingelbach</i>	495
THE FATE OF THE DANUBIAN STATES.....	<i>Frederic A. Ogg</i>	498
SWEDEN'S LOSSES IN KREUGER CRASH.....	<i>Ralph Thompson</i>	501
SOVIET RUSSIA'S RISING WAR FEVER.....	<i>Edgar S. Furniss</i>	503
TURKISH GOVERNMENT IN BUSINESS.....	<i>Albert H. Lybyer</i>	506
MILITARY TERRORISM IN JAPAN.....	<i>Harold S. Quigley</i>	509
BOOK REVIEWS		IV

